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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

^{Hearings}
REPORT OF PROCEEDINGS

I British Columbia 2

Vol. 3, Pt. 1-2

MAR 22 1938 — Mar. 23, 1938

REPORTERS:

George Thompson
John Robertson
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VICTORIA, BRITISH COLUMBIA, MARCH 22, 1938.

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

VICTORIA, BRITISH COLUMBIA, March 22, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Victoria, British Columbia, on Tuesday, March 22, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	Commissioners
)	
DR. ROBERT ALEXANDER MacKAY)	
)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary
R.M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE GOVERNMENT OF BRITISH COLUMBIA:

Hon. T.D. Pattullo, K.C.	Premier
Hon. J.W. deB. Farris	Counsel
Dr. W. A. Carrothers	Chairman of the Economic Council
G. J. Alexander, Esq.	Assistant to Commission of Fisheries
C. B. Peterson, Esq.	Commissioner of Income Tax
Dr. H.M. Cassidy	Director of Social Welfare
Adam Bell, Esq.	Deputy Minister of Labour
E. W. Griffith, Esq.	Administrator of Unemployment relief branch, Dept. of Labour

FOR THE ASSOCIATED BOARDS OF TRADE OF BRITISH COLUMBIA:

H. R. MacMillan, Esq.

Representative

FOR THE ASSOCIATED BOARDS OF TRADE OF EASTERN BRITISH COLUMBIA:

W. A. Curran

Representative

FOR THE PRINCE GEORGE BOARD OF TRADE:

Mr. J. O. Wilson

Representative

Mr. A. M. Patterson

Mayor

General Hornby

Representative

FOR THE VANCOUVER REAL ESTATE BOARD:

Col. G. H. Dorrel

President

Parliament Buildings,
Victoria, B.C.,
March 22, 1938

MORNING SESSION

The Commission met at 10.30 A.M.

THE CHAIRMAN: Mr. Peterson, have you anything to add to what you gave us yesterday?

MR. PETERSON: I thought I might explain a little one or two points in connection with the statement put in yesterday. First, just to point out that in comparing the tax in Manitoba I did not include their special tax on wages and other personal incomes. This should be added to the taxes shown on the statement, for comparative purposes. I did not add it in when I prepared this, because I did not want to confuse the proper income tax with other taxes. Unless I explain that, it might be thought that one per cent tax was in there, but it is not. They have a special tax in addition to all other taxes, which is a deduction, and that is not included here.

Also, in the case of California you are considering the total tax in California, or any of the states of the United States. You should take into consideration their sales tax. For instance, the sales tax in California is 3 per cent, and then they also have personal property tax, and these are no small items in the computation of the total tax burden. I would imagine the average person with an income up to \$8,000 or \$10,000 spends practically all of it, so that his tax would thereby be increased by about 3 per cent gross.

I notice that the Commission expressed an interest in the growing tendency on the part of companies to replace preferred shares with bonds in order to obtain tax deduction. There is a tendency, and I think we will ultimately have to follow the example of the United Kingdom, where interest on all capital, whether raised by sale of shares or by sale

of bonds, is disallowed. The United Kingdom Disallowance reads: "No deduction shall be allowed in respect of any sum employed, or intended to be employed as capital." That means that no annual interest is allowed as a deduction. The only interest that is allowed as deduction is on temporary loans.

THE CHAIRMAN: Is that broad enough to include money expended to build the plant?

MR. PETERSON: Well, they have depreciation allowances.

THE CHAIRMAN: I am not familiar with those provisions of the English Act, but I would be rather surprised if they charged two income taxes on the money that went towards putting up the plant and buildings in which they carry on their business. Assume a bond issue is made, we will say for \$2,000,000, \$1,500,000 of which is required for the establishment of the plant, and say \$500,000 for working capital. I can quite understand the equity, you might say, of taxing \$500,000, which is a method of securing working capital other than by the sale of stock, but I would be surprised if they charged them interest on the \$1,500,000 that went to the erection of the plant, or the building of the plant.

MR. PETERSON: Well, Mr. Chairman, they do. There is no allowance whatever for bond interest. In fact, it is rather a wierd way they have their deduction at source, and get a deduction for the bond interest, but they have to pay the tax on the interest, then they recover that when they pay the interest to the individual.

THE CHAIRMAN: Then we in Canada are living in a tax free paradise under these conditions, compared with Great Britain.

MR. PETERSON: Well, it becomes administratively very difficult. They are very much more experienced in taxes

over there than we are in this country, and they have found out things long ago that we are only beginning to find out now, and companies here are beginning to get wise to them. They have corrected those things years ago. There is now a tendency on the part of various companies to have a comparatively low subscribed capital and a very high bond issue. Well, it does not matter whether they are bonds or whether they are shares, and you should not allow any deduction for interest on capital. I might quote the very ridiculous situation of one company; it is not a very big company, but their subscribed capital is \$50.00 and they borrow over \$100,000 from their shareholders and want to charge interest against that as an expense. So that you see the ridiculous point that it can work to.

THE CHAIRMAN: I assume you will not allow it, if the law will permit you to deduct it.

MR. PETERSON: No, I have disallowed it, and they have appealed.

COMMISSIONER ANGUS: Is it important there should be uniformity between the provinces on matters like this?

MR. PETERSON: Well, I suppose it would be desirable, but all our revenue requirements are not the same.

COMMISSIONER ANGUS: No, I mean not with regard to the rate of the tax but with regard to the disallowance and exemption, -- the taxation of dividends, and so on.

MR. PETERSON: Yes. I would say it were desirable, I would say it is very desirable.

Now, if I might say a few words concerning the relations that exist between the Dominion organization and our own, so that the Commission will be acquainted with the conditions as they actually exist. In the first place, the Dominion's failure to deduct our 1 per cent tax places us in a very embarrassing position, and makes collections

from their employees very difficult. They have the only employees in the province from whom tax deductions are not made, and we do not get information, returns respecting salaries, from the Dominion very promptly; in fact, we have to write and write and write for them. Probably the other information, -- returns that we get from ordinary people, come in before the end of February. We probably do not get the Dominion returns until along about August or September. So that we cannot even assess their employees until away on in August or September, where other people have paid their taxes long before that.

THE CHAIRMAN: Is any explanation given of that delay, Mr. Peterson?

MR. PETERSON: Mr. Clark, the Deputy Minister of Finance, has been of great assistance to us in trying to get the various departments to render us their returns more promptly. I do wish to express my appreciation to Mr. Clark for the help he has given us. Before he took a hand in it it was simply terrible.

THE CHAIRMAN: Of course, you should have every cooperation in that respect. There is no doubt about that, Mr. Peterson.

MR. PETERSON: There is no cooperation in this province between the Dominion and the provincial tax organizations, -- that is, on their part.

THE CHAIRMAN: Of course, it takes two to cooperate.

MR. PETERSON: Well, we do supply the Dominion with some lists that we have copies of. For instance, a couple occur to me now. We get from our succession duty office every month a list of the probates of wills, and the particulars respecting them. Well, when we take that off we make another copy and send it to the Dominion office. When we go to the Liquor Control Board and take off all the

purchases that the various beer parlours and so on make from the Liquor Control Board, we send a copy of that to the Dominion. I have recently agreed to give them a copy of the output of mines, and they are now asking the Land Registry Office to give them all the changes respecting mortgages, -- mortgages put on and mortgages released. We have not agreed to supply that yet. But, I get nothing from them, just nothing.

THE CHAIRMAN: Will you illustrate, Mr. Peterson, by telling us the things you wish and have asked for, and have not got.

MR. PETERSON: Well, I have outlined the amount of cooperation I would like in my memorandum, whereby our audit staffs could work together and we would gather the information, returns, that we can do most conveniently and they would gather the ones that they can do most conveniently.

I would like to draw attention to the fact that at page 3594 of Mr. Elliot's evidence he drew attention to the fact that British Columbia did not allow deduction for Dominion taxes. Might I be permitted to draw the Commission's attention to the fact that the Dominion does not allow a deduction for our tax either, whereas the federal government of the United States allows a deduction for all state income tax. I would respectfully suggest that the Dominion follow suit.

THE CHAIRMAN: You think it should be reciprocal?

MR. PETERSON: Well, I do think that if either of us is to allow a deduction for the other's tax, the Dominion should allow a deduction for our tax, so that we should have the prior right to the field of direct taxation.

THE CHAIRMAN: You were in the field first.

MR. PETERSON: We were in the field first. I have a little note here; in conclusion, may I make an earnest

appeal for friendly cooperation between the Dominion organization and our own. In the public interest, we both should be actuated by a common desire to collect our revenue as economically and as efficiently as possible, and with the least possible inconvenience to the taxpayer, whether that revenue be for the Crown in right of the Dominion or for the Crown in right of the province. I personally am willing and anxious to cooperate with the Dominion to the fullest possible extent.

THE CHAIRMAN: Thank you.

COMMISSIONER ANGUS: Mr. Peterson, do succession duties come under your department?

MR. PETERSON: No, sir.

COMMISSIONER ANGUS: They will be spoken to by someone else?

MR. PETERSON: I presume so.

THE CHAIRMAN: I understand that the Associated Boards of Trade are anxious to be heard this morning, and the Premier is agreed that should be done. Who is presenting the Boards of Trade brief?

Mr. H.R. MacMillan was called.

MR. MACMILLAN: Your Lordship, and Commissioners, it might not be out of order at the outset to express on behalf of the business communities represented by the various Boards of Trade, whom I shall enumerate, the appreciation they feel, and the support they give, to the efforts made by the provincial government to bring about this very useful examination into the relations between the Dominion and the province. The views which I shall present have been worked upon by several boards of trade, representing a large proportion of the business communities of British Columbia. It may be amongst those views there will be some to which all may not subscribe, but it is quite clear that the general viewpoint is, for simplification

of government and for possibly a reduction in the cost of government.

"I have the honour to appear before you today representing the Associated Boards of Trade of Eastern British Columbia, the Associated Boards of Trade of the Fraser Valley and Lower Mainland, the Board of Trade of the City of Nanaimo and the Vancouver Board of Trade. These organizations have agreed on a joint brief and have delegated to the Vancouver Board of Trade the responsibility of placing their views before you.

These Boards draw their membership from every channel of trade, commerce and industry in the sections of the Province in which they are represented. Both as individual Boards and as Associations the commencement of their activities coincides with the development of the province of British Columbia. May I give you now the names of the Boards which make up these Associations."

Shall I read these names your Lordship?

THE CHAIRMAN: We have the names before us, you need not read them.

MR. MACMILLAN: Then I will continue.

"We have actively participated in all that has taken place and through the personnel of our membership have been brought into very close contact with every phase of the commercial and industrial life of the province.

In presenting our views to you today, we therefore, do so with a full knowledge of the economic situation now existing in British Columbia. This province is a primary producer and contains within its confines a very wide diversity of production. Our products in

the main are not consumed within the borders of the province but are produced and exported to practically every part of the world. To illustrate this point, we cannot do better than quote you the following figures for the calendar year 1937:

LUMBERTOTAL PRODUCTION COASTAL REGION BRITISH COLUMBIA

1,650 million Ft.B.M.

Value \$33,000,000

Used in British Columbia	14%
Sold in Canada outside B.C.	19%
Sold outside Canada	67%

Sales outside Canada	80% to Empire countries
	20% " foreign "

We might compare that situation with the situation existing in the area consisting of British Columbia, Washington, and Oregon. The natural conditions are similar.

"TOTAL EXPORT SALES FROM B.C., WASHINGTON AND OREGON

Supplied	62% from B.C.
	38% " Washington & Oregon

Although Washington and Oregon possess 4 times the manufacturing capacity and 3 times the exportable forest resources present in B.C.

THE CHAIRMAN: What is the explanation of that situation?

MR. MACMILLAN: The explanation is that, firstly, we have enjoyed the benefits of the British Empire tariff preference system, which has given us almost exclusively the very important United Kingdom and Australian markets which have been during the past three or four years, the greatest timber importing countries in the world available to this Pacific coast; and partly because labour conditions have been better in British Columbia than they have been in Washington and Oregon for three years.

"WORLD IMPORTS OF LUMBER FROM B.C., WASHINGTON & OREGON

Imported by British Empire	62%
Imported by foreign countries	38%

Which explains partly what I have just said.

"LOGS (exported as logs)

TOTAL SALES

	148,000,000
	Value \$1,800,000
Australia	65%
U.S.A.	14%
Japan	11%
China	9%
Others	1% "

Our paper production in British Columbia amounted to 266,000 tons, valued at \$9,100,000. The sales in Canada were 9 per cent, most of it in British Columbia; the sales in the British Empire, outside Canada, were 7 per cent; and 84 per cent went to various foreign countries. The chief foreign countries were, United States, China, Japan, and a little bit to the West Indies and South America.

THE CHAIRMAN: Principally to the United States?

MR. MACMILLAN: Yes, that is the chief market, your Lordship.

THE CHAIRMAN: It is the same in eastern Canada?

MR. MACMILLAN: Yes. Then pulp, sold as pulp, the production was 84,000 tons, valued at \$3,800,000. Five per cent was used in British Columbia, 95 per cent was sold outside Canada; and distributed, Japan, 45 per cent, United Kingdom, 20 per cent, United States, 20 per cent, China, 5 per cent, and other destinations, 5 per cent.

There is a fairly large manufacture of doors in this province; 1,700,000 doors were manufactured last year in this province, valued at \$2,700,000. We sold 6 per cent in Canada, -- about 4 per cent outside of British Columbia and 2 per cent in British Columbia; and 94 per cent in the United Kingdom, due entirely to a tariff protection which almost excludes American doors and guarantees the whole market to British Columbia doors.

The manufacture of plywood amounted to 45,000,000 sq. ft., valued at \$1,500,000. Sold in British Columbia, 8 per cent; 30 per cent in Canada outside B.C.; 50 per cent

in the United Kingdom; 3 per cent in other parts of the British Empire; and 9 per cent in foreign countries. Here again, the British Empire tariff as it presently exists gave Canada the market to the partial exclusion of the United States.

The total value of fish products is \$15,500,000. Sold, 2 per cent in British Columbia; 33 per cent elsewhere in Canada; 44 per cent elsewhere in the British Empire; 21 per cent in foreign countries.

THE CHAIRMAN: What would be the principal foreign markets for your fish products?

MR. MACMILLAN: The principle foreign markets, occasionally some to the United States. The fish products include fresh and frozen fish, canned fish, and oil and meal. There is quite a large shipment of fresh and frozen fish, and meal, to the United States, the chief foreign country. Some to South America and some to the Phillipine Islands.

The base metals production, in British Columbia, amounted to \$41,447,000, made up of a little over 21,000,000 lead, 14,000,000 zinc, and 5,000,000 copper. Practically no copper was sold in Canada. Eleven per cent of the zinc and lead production was sold in Canada, most of it outside of British Columbia, and the balance was sold in other countries. Those exports named amounted last year to \$108,900,000; sold 5 per cent in British Columbia, -- the total sales in British Columbia were about \$5,700,000, and over \$103,000,000 were sold outside of British Columbia.

" In those markets we have no monopolies. We are exposed to competition and any decline in export sales means, of course, a loss of buying power which is, of necessity, passed on to those engaged in secondary industries and also those whose

livelihood depends upon the success of industry.

With the growth of our export business on this West Coast, came the demand for harbour facilities and today the Dominion Government owns and administers in the Port of Vancouver nearly \$24,000,000 worth of equipment in the form of elevators, wharves, etc. To raise the necessary revenue the National Harbours Board imposes a tax on the ship and the cargo, both inwards and outwards. As outward cargo comprises comparatively low valued goods, such as, Grain and Grain Products, Logs and Lumber, the tax not imposed on an ad valorem basis but on a unit basis, represents, particularly in times of low commodity prices, a serious handicap to the export of Western Canada's primary commodities through the Port of Vancouver."

This amounts, in the case of logs, to about 1 per cent of the value; in the case of lumber, to about two-thirds of one per cent of the value; and in the case of grain shipped in volume out to the Orient, to about one-fifth of one per cent of the value.

THE CHAIRMAN: Have they a similar regulation at Montreal?

MR. MACMILLAN: I believe that the system in Montreal is different, and they are not charged to the ship or cargo in the same manner as in Vancouver.

THE CHAIRMAN: What is the reason for the difference? There must be some reason for it.

MR. MACMILLAN: The different systems in the different ports were developed when each port was under a local administration, and at the time of its initiation each adopted a separate system of raising revenue. They have not yet been made uniform.

"The population of the Province of British Columbia is approximately 750,000. The population represented by the Boards submitting this brief is approximately 385,000. We pay Dominion and Provincial Income taxes and pay also Property and License taxes in the Cities and Municipalities we represent.

In spite of the fact that both the province of British Columbia and the City of Vancouver report that incomes for the past twelve months are in excess of those for some years past, nevertheless the demand continues for still more revenues. We have gone far in the province since the year 1917, when the public debt of the province was \$45,000,000, to today when the debt is given as \$183,000,000.

On page 9 of the Budget Speech of the Hon. John Hart given in the Legislative Assembly on Wednesday, November 10th, 1937, the gross debt of the Province as at October 1st., 1936, is reported as \$180,509,167.36. In the same Budget Speech, the Minister reported actual collections in revenues of \$28,102,612.48 and expenditures of \$27,985,158.81, leaving a revenue surplus amounting to \$80,182.65. The Minister further stated that the actual revenue for that period referred to exceeded the estimates of \$24,312,541.46 by \$3,790,071.02, and stated, -- "This is a volume of revenue greater than ever experienced by the Province."

The City of Vancouver is facing a financial crisis and is raiding its Sinking Fund. Through Vancouver Better Terms Committee, upon which the Vancouver Board of Trade is represented, the provincial government has been approached several

times in an effort to seek to have returned to the City some of the sources of revenue previously enjoyed by the City.

In 1932, realizing that with the rising costs of administrations, both Provincial, Civic and Municipal, and in an effort to make some contribution to the serious situation, the Vancouver Board of Trade, together with over twenty representative organizations throughout the province, prevailed upon the provincial government of that time to permit a business men's Committee to investigate the finances of British Columbia. A report was published which received wide publicity. Amongst the important recommendations of this Committee were:-

- (1) 'That a determination be inculcated in all sections of the community throughout the province to insist on restrictions of government expenditures so that further borrowings, either for purposes of expenditures on account of capital or revenue, will be unnecessary.'

The reasons of the Committee for this determination were: (A) The excessive burden which the cost of the existing debt imposes on all industries tends to increase rather than reduce unemployment;

(B) The certainty that, if we do not reform, no further borrowing will be possible, because no one will lend us money.'

The Committee further recommended, -

- (2) 'That the Legislative Assembly be reduced from forty-eight to twenty-eight members.
- (3) That the Executive Council be reduced in

number to six Departments, being:

Department of the Premier;	
"	" Finance;
"	" the Attorney-General;
"	" Social Services;
"	" Public Works;
"	" Natural Resources.

(4) That every effort be made to sell or otherwise dispose of the Pacific Great Eastern Railway;

(5) That arrangements be entered into with the Royal Canadian Mounted Police to take over the policing of the Province."

In concluding, we cannot do better than quote from the conclusions of this business men's Committee Report:

" We are of the opinion that the time has come for a complete change in the ideas, opinions, and motives which have influenced both the electors and the elected in the past. Patronage and self-interest have been allowed to control the affairs of Government and the public purse has been regarded as an inexhaustible booty upon which all may prey. Our Legislators and their leaders have lived so long in an atmosphere of concession, compromise, and debt that it is difficult, if not impossible, for them to realize the entirely new conditions with which they are today confronted. The record of deficits and public debt to be found in the first chapter of this report proves conclusively that reform and economy have been urgently required for many years and it is not pleasant to reflect that only the present financial crisis has created the opportunity for this warning, now much overdue, to be given to the public.

It has, we believe, been suggested that should the occasion arise the Dominion Government will take such steps as may be necessary to protect the solvency of any Provincial Government. We are of the opinion that this very important aspect of our financial position should be investigated, and, if possible, a definite understanding arrived at."

These findings were endorsed in principle by those organizations who asked for the appointment of the Committee, but no action was taken upon any of these important recommendations.

It is our belief that we have too many spending authorities in both the Dominion and the Province and too many Departments spending money that have no responsibility in the raising of money from the public. Due to economic conditions, great pressure is constantly being brought to bear upon Provinces, Cities and Municipalities for the spending of money.

To this statement we have attached an appendix which gives our opinion as to where (a) Dominion, (b) Provincial or (c) Dominion and Provincial Departments could be coordinated into one federal department.

We feel, however, that little, if any, attempt has been made to reduce expenses. Governments continue to experiment with new forms of legislation which inevitably means that more money has to be found to permit the experiments to be made. The province of British Columbia is not behind in this regard, and if we are to continue to maintain and develop our trading position in world affairs, continued demands upon business must be reduced.

We have gone very far in this province in social

legislation. We have a reputation for leading all Canada in this respect and we believe that the time has arrived when the rank and file of the public are actually in danger of suffering economically because the competitive abilities of our major British Columbia industries are impaired. We believe that social legislation should be a matter for the Dominion Government.

After careful thought and consideration and in the interests of economy and efficiency, we believe that Canada should work toward the ultimate goal of a strong central government. Possibly this could only be brought about by gradually allowing each of the present Provinces to say by a plebiscite whether it wished provincial affairs governed by a legislature elected by the voters of said province, as at present, or by a legislative council appointed by the Dominion.

Until this could be effected, may we present to you the following recommendations:-

- (1) All further borrowings by Province and Municipalities should be controlled by the Dominion.
- (2) There exists much duplication in services rendered by the Dominion and by the provinces. Departments such as Mines, Public Works, Pensions and Health, Agriculture, Trade and Commerce, and many others, are presently duplicated across the Dominion, the Dominion Government carrying on similar services in the provinces to those already maintained by the provinces.

Such a proposal as we have made in regard to Dominion control of provincial affairs, would

effect a considerable saving in expenditures. Therefore we recommend that an immediate effort should be made towards a centralization of all Departments where duplication now exists.

(3) We are of the opinion that the duty of collecting Income Taxes should be reallocated to only one unit of government, namely, the Dominion. The Dominion Government provides most adequate machinery for the collection of income taxes and we feel that one income tax return should suffice.

(4) Regarding income taxes, as neither the Dominion Government nor the provincial government allow exemption for taxes paid to the other, it is obvious that taxes are collected on taxes. We recommend that each Government allow as exemption the tax collected by the other.

The Dominion Government should exempt from the computation of taxable income, the dividends paid by Canadian Companies which have already paid taxes on the income from which the dividends have been distributed.

(5) The present wasteful method of administering unemployment relief should be stopped. It is the opinion of the Vancouver Board of Trade, continually expressed over the past several years that the whole question of unemployment relief should be administered by the Dominion Government.

We recommend to the Commission that the possibilities of an Unemployment Insurance Scheme for Canada be studied.

British Columbia with its equable climate attracts a very large floating population and the burden upon the province, cities and municipalities

is unbearable. The duplication respecting relief is a glaring example of duplicated services, adding substantially to the abnormally high costs of the amount disbursed in this direction.

(6) The time has arrived for an investigation into the rising costs of Civil Service of the Dominion and the provinces. We recommend that Commissions be appointed both by the Dominion and British Columbia Governments respectively, similar to the Geddes Commission of Great Britain, with power to act in an endeavour to bring about necessary economies.

(7) We believe that there is an opportunity for the elimination of duplication in our two trans-Continental Railways. The experiment with pool trains in the east has, we understand, brought satisfactory results and this excellent example should be followed wherever practicable."

There has been, in this respect, an instance in the case of the Vancouver Hotel. It looks like a very sensible arrangement, and we should search out every small or large duplication between those two railway systems; ticket offices and telegraph offices, and so on, which are scattered throughout every town in the country, and eliminate each as rapidly as it can be uncovered.

(8) We recommend that the Dominion Government take over the policing of the Provinces, Cities and Municipalities. In the Province of British Columbia there is to be found the forces of the Royal Canadian Mounted Police, the Provincial Police and the City and Municipal Police. Under the system we propose delay due to lack of jurisdiction outside of local areas would not occur.

It would place the police force of Canada in a strong position and would give more adequate services to the country. The present police force of British Columbia is a thoroughly reliable organization and if such a plan could be adopted, we would recommend that the members of the Provincial Police Force, wherever practicable, be absorbed by the Dominion.

There are certain matters which concern our Provincial Government which we have considered and upon which we have certain views, -

(A) We believe there are too many Government agencies. These agencies are a relic of the days when communications were delayed; now that distances have been gradually eliminated, these agencies might reasonably be reduced, if not entirely abolished.

(B) We recommend that the boundaries of Provincial Electoral Districts could quite well be extended to the equivalent of Dominion representation, and if the Provincial Government had say only sixteen members seeking expenditures instead of forty-eight, curtailment of outlays would undoubtedly follow.

(C) There should be a reduction in the number of School Boards in British Columbia. At the present time we understand that the total is over 900. We believe also that the School Boards should not have powers as at present to dictate the amount that the Municipal Council must provide for their needs.

A very small proportion of the population in Canada pays direct Income Taxes, and it is our view that the

number of citizens paying Income Taxes can be very considerably increased. We believe that every citizen of Canada should directly contribute something to the welfare of the Dominion. It is admitted that everyone pays through the medium of the Sales Tax but the public generally are not very conscious of this form of taxation. If such a recommendation could be brought about, a greater interest would be aroused in public affairs, bringing with it a demand for economy.

The part which British Columbia plays in the field of Dominion taxation is graphically illustrated in a publication recently issued by the Ford Motor Company of Canada, Limited, in January 1938 and entitled "Some General Aspects of the Canadian Customs Tariff, the National Economy and the Automotive Industry in Canada" on page 43 of which the following interesting table is given, prefaced by the statement, "The receipts by the Dominion Government from taxation on commodities by Provinces are per capita as follows:"

In this table is shown the following amounts per capita:

<u>Province</u>	<u>Per Capita</u>
" Prince Edward Island	\$25.55
Nova Scotia	23.52
New Brunswick	21.95
Quebec	30.15
Ontario	47.76
Manitoba	30.47
Saskatchewan	18.54
Alberta	25.22
British Columbia	44.72

The Province of British Columbia, in the calendar year 1937, contributed to the Dominion Government, in Income Taxes alone, approximately \$8,000,000, a substantial sum to be borne by a total population of only 750,000 people, particularly when many of them contribute directly nothing towards this sum. Superimposed on this is the expense to the people of this

Province of its Provincial Government of approximately \$30,000,000, to say nothing of the Municipal Taxes which, in addition, represents a requirement from the people of Vancouver of over \$15,000,000. Surely this is striking evidence that British Columbia is over-taxed and over-governed.

With respect to Municipal Taxation, it is abundantly clear that the budgets of our Cities have grown in many cases because of social services forced upon them by Provincial Government legislation to the point where taxation of property cannot possibly provide the cost, and accordingly, continuation of these costs is leading to confiscation of homes and the throwing on relief of many of our best type of citizens.

The B.N.A. Act, upon which the Governmental structure of the whole country is founded, was written in the light of conditions applying over seventy years ago. Canada requires in these days a more flexible instrument. There has been a gradual extension of over-lapping functions by both Dominion and Provincial Governments, creating in its turn a lack of unity amongst the Provinces in respect to the aims and objects of the Dominion. Our single aim in Canada should be to strengthen the Dominion Government and to centralize gradually more power in the Dominion, the Provincial sphere being limited so that competition between the two at the expense of the taxpayer could be finally overcome.

Our presentation today represents an effort to contribute something to the valuable work which your Commission is performing, and we wish to place at your disposal the Boards of Trade which we represent in any manner in which they can be helpful. For a number

of years it has been the policy of the Vancouver Board of Trade not to ask for Government expenditures unless, absolutely necessary. This policy, we believe, has been followed by most Boards of Trade throughout the Province. In spite of this, however, as has been pointed out to you, both Government and Municipal costs and debts have continued to mount.

May we again quote from the publication of the Ford Motor Company of Canada, Limited, referred to heretofore:

"Increased governmental expenditures would not entail a heavier burden upon the taxpayer if the national income increased at an equal or greater rate. This, however, was not the case in 1935 compared with 1925, since in the former year 26.6% of the national income was required to cover governmental expenditures (Dominion, Provincial and Municipal,) while in 1925 only 14.3% was needed.

As business men we are deeply concerned in this situation and unless there is a halt we cannot look forward to the future except with a feeling of apprehension."

The appendix gives the recommended division of departments between the province and Dominion.

THE CHAIRMAN: Mr. MacMillan, there are so many important questions dealt with in the brief that I shall not attempt to ask you to illustrate them all. But there are two or three questions on which I would like to get a little further light. One of the most important questions we have to consider is that of unemployment relief, to which you refer, paragraph 5 on page 8: "The present wasteful method of administering unemployment relief should be stopped." Will you tell us just what you refer to there?

MR.MacMILLAN: This brief is prepared, your Lordship, by those on the various Boards of Trade who have much more experience in that respect than I have. But the principle toward which they were working was that at present the Dominion Government and the Provincial Government and the Municipal Governments take part in the supplying of money, and the administering of relief; and it is apparent to those who are close to the problem that there is considerable waste, and if some centralization of relief could be established, perhaps one body supply the money and administer relief it might reduce duplication and waste.

THE CHAIRMAN: Has your Board considered this proposition, Mr.MacMillan? Undoubtedly you should get better administration where the same body that is spending all the money has the obligation to raise it.

MR.MacMILLAN: That was the initial viewpoint.

THE CHAIRMAN: Everybody will agree with that. But dealing with the problem of relief, do you think that the Federal Government could deal with it as efficiently and economically as the local committees in each community?

MR.MacMILLAN: The local committee would appear to have advantages in dealing with relief, but if the local committee is spending money which that local committee does not raise, they have not the incentive, - the pressure is all for relief, and the difficulty of raising the money does not offset the pressure to which they are subject from those desiring relief. It is possible that if relief is to remain a constant problem it may be necessary to set up a new form of administration so that the body supplying the money will have an equal or a dominant voice.

THE CHAIRMAN: Have you formed any opinion yourself, Mr.MacMillan, as a business man, whether relief is likely

to be a permanent problem or not?

MR.MacMILLAN: Well, I do not value my opinion in that respect very highly, your Lordship, but I would think that so far as I am concerned, at my age, I expect to see it permanent. Apparently there is nothing coming up which is going to enable us to eliminate it unless we change our standards.

THE CHAIRMAN: It has been suggested in the past that with mechanization of industry and the reduction in the number of employees required to produce certain commodities new inventions have developed new industries, so that those displaced in one industry find occupation in another. I judge from what you say you do not think that is likely to happen in the future?

MR.MacMILLAN: Well, it could happen in this country, because we have yet so large an area, or volume of unexploited resources; but I believe that relief is related to the amount of income consumed by Governments, the Governments of the country which, of course, represent the thought of the people of the country; they consume so much capital, which requires in return such a large amount of income to service the capital that ultimately the proprietors of capital are becoming more cautious about expanding industries, and that in itself prevents the growth which should take place in this country.

THE CHAIRMAN: Do I interpret your view correctly, Mr.MacMillan, that you think the present burden of taxation is hampering the development of industry and progress in the country?

MR.MacMILLAN: It certainly is. My personal opinion is that it is becoming more dangerous to invest capital in fixed enterprises. The margin of profit is reduced by the inevitable tax payable if you make a profit, and the risk which was always here remains solely for absorption

by the person who makes the investment.

THE CHAIRMAN: Can you say whether that view is shared by other business men?

MR. MacMILLAN: I think undoubtedly, sir.

THE CHAIRMAN: Have you sufficient knowledge of the views of your Boards of Trade to say whether you believe that is the opinion of your Boards of Trade?

MR. MacMILLAN: I think I can safely say that, sir.

THE CHAIRMAN: You speak of the policing of the province in item 8 of your recommendation. I quite realize this is the production of the boards and you may not have given personal study to this, but if you have given personal consideration to it I would be glad to have your view as to why you think the situation would be improved by the Dominion taking over the policing?

MR. MacMILLAN: I cannot speak with any personal knowledge on that point. In theory it appears that it would be an improvement. It would give Canada a National police force, which would be stronger than we have at present. It should enable the development of uniform policing throughout the country, and in the province itself. It should reduce the cost of policing, as against the maintenance of police by so many different bodies, and it should enable the same police to exercise jurisdiction over the whole area of the province.

THE CHAIRMAN: You speak on page 10 of the small proportion of the population in Canada/^{which}pays direct income taxes "And it is our view that the number of citizens paying Income Taxes can be very considerably increased. We believe that every citizen of Canada should directly contribute something to the welfare of the Dominion." Have you in view any limitations as to what the exemptions should be?

MR. MacMILLAN: I do not know what the administrative problem would be but if one might judge from the recent reaction of the public to the proposal that radio licenses might be increased by fifty cents, or something like that, and the immediate interest the public showed in maintaining the old rates, apparently they felt the effect of fifty cents and were willing to voice an opinion on it. Therefore one would argue that if a person with an income of \$1,000 or \$600 or something like that were required to pay a small number of dollars, that they would take more interest in government; whereas they may be paying a considerable number of dollars now through sales taxes and not be aware of it.

THE CHAIRMAN: As I understand it in this province people who do get \$600 or over or \$1,000 or over, is it, Mr. Hart, for people who are married?

HON. MR. HART: \$600 for single persons.

THE CHAIRMAN: They do have a certain income tax. I do not know anything about it, but do they take a more active interest?

MR. MacMILLAN: It is not conspicuously evident, sir, that they do. Perhaps that argument falls for that reason.

THE CHAIRMAN: I do not know at all, we are only trying to get light on it. It should be so. It should be that people who pay taxes should take a more active interest than those who do not.

COMMISSIONER SIROIS: Mr. MacMillan, according to your distribution of powers on page 13 the only matter left in charge of the province would be education.

MR. MacMILLAN: Well, that strikes one as not being a complete table, as you look at it.

COMMISSIONER SIROIS: That is kind of drastic.

MR. MacMILLAN: That is not a complete representation, because you would still have left to the province the Premier, the Department of Finance, the Department of Municipal Affairs, Education, the Attorney General's Department, and there would undoubtedly be Public Works and Natural Resources, because those works would require administration. That is not a complete list of the functions of government on that page.

COMMISSIONER SIROIS: The whole field of insurance would be left to the Dominion.

MR. MacMILLAN: That is the recommendation of these Boards of Trades.

COMMISSIONER SIROIS: It would look, as it is stated there, there is only one function left to the province.

MR. MacMILLAN: On that ground, yes, but that list is, to my mind, not complete. There are other functions performed by the province.

COMMISSIONER MacKAY: Mr. MacMillan, on page 7 you say: "There exists much duplication in services rendered by the Dominion and by the Provinces." Would you give us any evidence of duplication? It is true there are similar departments in each government but we have found it very difficult to get at any real evidence of duplication.

MR. MacMILLAN: This representation is made by Boards of Trades who may not have studied sufficiently intensively the internal workings of the departments. It is chiefly valuable to my mind in that it shows that throughout this

province the number of people who are included under these headings are convinced by what they see in their daily life about them that there is duplication. Now, it occurs to me that the experts of this Commission could test that view. I am not able to give what would be an expert or studied answer to that question. It is something that one hears continuously discussed, that, for instance, there is duplication in the administration of agriculture, both Dominion and provincial, in almost every province of Canada, have people maintained at considerable expense. Whether they actually so delimit their activities that there is no duplication I cannot say. It appears that there is duplication. There is duplication in the administration of Companies' Acts in Canada. It might cost as much to administer them in one place as another, I do not know. And also in Insurance Acts, tax collections and administration, there might be quite a saving. This brief, as I see it, is the effect of the cost of government and the various activities of government upon the public and a certain section of the country thinks there is too much of it. Possibly when you analyze it you would find you could not reduce it, I do not know.

COMMISSIONER MacKAY: You say on the same page: "We believe that social legislation should be a matter for the Dominion government." What do you include under social legislation?

MR. MacMILLAN: I think that view arose from the fact that this country is, after all, the Dominion of Canada, it is not a series of water-tight compartments, and that the social legislation to the degree in which it goes into effect with reference to the standard of living in each province will over a long period of time produce quite different working conditions and cost conditions in each province, which

are more affected by social legislation than probably anything else, after it has been going on for a long period, and therefore possibly it should all be maintained by the Dominion, in order that conditions throughout Canada should remain the same.

COMMISSIONER MacKAY: There would be more or less equality of opportunity for business?

MR. MacMILLAN: Throughout the country. We have industries in British Columbia now which state they are unable to compete in the prairies against industries in Ontario and Quebec because social legislation of British Columbia has raised the cost of operation in British Columbia above the cost of operation in Ontario and Quebec. Well, social legislation is only a few years old. If that condition continues over quite a few years it might have a serious effect which might amount to barriers between these different provinces.

COMMISSIONER MacKAY: Another point there: "All further borrowings by provinces and municipalities should be controlled by the Dominion."

MR. MacMILLAN: This brief, I suppose, represents to a certain extent the taxpayers view-point, and the taxpayer is anxious that anything might be done that might impose restrictions on borrowings.

COMMISSIONER MacKAY: You have no specific proposals?

MR. MacMILLAN: Beyond it should be made more difficult.

COMMISSIONER MacKAY: Thank you.

THE CHAIRMAN: Mr. Stewart, have you any questions?

MR. STEWART: There are just one or two points left. On page 9, Mr. MacMillan, at the very bottom of the page, "We believe there are too many government agencies." I am not quite sure that I get your point there.

MR. MacMILLAN: The government agency is a means of

government that is peculiar to the province of British Columbia, which has local offices representing all or many of the government departments, and I believe there are some thirty of them in the province of British Columbia. It has been a view expressed by the boards of trades in this province for some time that modern communications have made this form of administration not so necessary as it was before, and that there might be some economy in closing up a proportion of these government agencies or all of them.

MR. STEWART: Than on page 10, your recommendation "C". Is it your view that a reduction in the number of school boards would work an economy?

MR. MacMILLAN: This part of the brief undoubtedly arises from the opinion of the boards of trades in the Fraser Valley and Eastern British Columbia, that are aware of the conditions under which these various school boards operate. It is possible that with modern communications school boards which found it necessary to exist as separate entities years ago might now be amalgamated, and apparently they believe that would result in economies.

THE CHAIRMAN: Just on that same clause, Mr. Stewart, before we pass from it. You say "School boards should not have powers as at present to dictate the amount that the municipal council must provide for their needs." Have you personally made any study of that problem?

MR. MacMILLAN: No, I have not, sir.

MR. STEWART: I think, my Lord, the other points I had in mind have all been covered by questions.

COMMISSIONER DAFOE: If you have separate school boards and municipal councils both elected, is it not almost inevitable that the people who directly represent the public and have the responsibility of administering schools

should set the amounts which are necessary? If you want them controlled by the municipal council should you not adopt the British system where the school board is a subordinate body to the municipal organization?

MR. MacMILLAN: I think that is the desire that is sought to be accomplished by this recommendation. As it stands at the present time the school board can budget, the municipal council has to find the money, even if it must forego, cut down other expenditures which they might regard as being equally essential or possibly more essential to the welfare of the public.

COMMISSIONER DAFOE: You could not have both boards levying the taxes, that would be duplication.

MR. MacMILLAN: No sir, I think the intention is that the school board should be subject to some form of supervision by the council.

COMMISSIONER DAFOE: You see, they derive their power from the same people and the costs of education are their responsibility and they would either have to be given the power of levying taxes or in turn the municipal council would have to accept their budget.

MR. MacMILLAN: Possibly if they were given the power of levying taxes and they had to appear before the electors for a vote, they might not be elected as readily as they are now. Of course that is quite possible.

MR. STEWART: My Lord, the brief should be marked Exhibit 188.

EXHIBIT NO. 188: Brief of the Associated Boards of Trade.

THE CHAIRMAN: Senator Farris, would you like to ask any question?

HON. MR. FARRIS: Yes, there are one or two questions I would like to ask Mr. MacMillan. You told Mr. Stewart that the government agencies are rather peculiar to British

Columbia. I suppose you might supplement that by saying also that British Columbia has the least area municipally organized of any part of Canada, has it not?

MR. MacMILLAN: Yes, I would think that would be true.

SENATOR FARRIS: Over 99 per cent. of the province is municipally unorganized?

MR. MacMILLAN: Yes. I think, following that up, from what I would judge from the origin of this particular recommendation, it is the government agencies which are close together in the more settled parts of the country, that might be examined critically, not those that lie at a distance in the unorganized parts of the province.

HON. MR. FARRIS: Have you any information as to where the ones are that are close together?

MR. MacMILLAN: I have not in my mind now.

HON. MR. FARRIS: It is also true that members of the legislature act in many ways in advisory capacities in regard to government of these great areas in British Columbia, is it not?

MR. MacMILLAN: I suppose so, I defer to your experience in that respect.

HON. MR. FARRIS: Well, I am not giving any evidence on it, I am seeking information in light of your statements here. This federal force that you are suggesting, I take it that is intended to include cities?

MR. MacMILLAN: I believe it is being assumed by those who support this recommendation that the experience in the other provinces is satisfactory. Concerning that I cannot speak. It is not an innovation, it has been tried in different parts of Canada, and undoubtedly if this recommendation were considered the Commission would have at its disposal the experience in those parts of Canada where it has been tried.

THE CHAIRMAN: Which recommendation are you referring to, Senator Farris?

MR. MacMILLAN: I presume you refer to the police?

HON. MR. FARRIS: The police, yes. I am asking about the central police force of Canada. I was asking if that was intended to include policing in the cities?

MR. MacMILLAN: That was the intention of the resolution.

HON. MR. FARRIS: "The present wasteful method of administering unemployment relief should be stopped." Do you understand what the system is now?

MR. MacMILLAN: I have been informed what it is but I could not argue it.

HON. MR. FARRIS: You could not tell us on what information that statement is made?

MR. MacMILLAN: I am here as a spokesman for the Boards of Trades and the Boards of Trades which drew this resolution up were very closely acquainted with the administration of relief in their particular districts.

HON. MR. FARRIS: I may say, Mr. Chairman, that I have not seen this document until a few moments ago. I notice on page 6 you recommend the appointment of more Commissions, Mr. MacMillan.

MR. MacMILLAN: Well, apparently this Commission is creating a very favourable impression.

HON. MR. FARRIS: In times past the Boards of Trades have been much more against Commissions.

MR. MacMILLAN: Well, they are just like anybody else, I guess, they change their minds.

HON. MR. FARRIS: So that is one thing this Commission is responsible for, it is inspiring the desire for more of them?

MR. MacMILLAN: Yes, I understand the provincial government is very anxious to have this Commission and they

might view with approval the recommendation.

HON. MR. FARRIS: I am thinking of the Boards of Trades, not of the government. "The school boards should be reduced." They do not receive any remuneration for their services?

MR. MacMILLAN: No, I think it is a matter of possibly economizing in management, not in the salaries of the school boards, which, of course, are given free.

THE CHAIRMAN: Thank you, Mr. MacMillan. It is a very interesting presentation. I am afraid there are a number of matters that are rather impracticable but we will give the whole careful consideration.

MR. MacMILLAN: Thank you, sir.

SUBMISSION BY THE ASSOCIATED BOARDS OF TRADE OF
EASTERN BRITISH COLUMBIA

THE CHAIRMAN: This is a supplement submitted by the Associated Boards of Trade of Eastern British Columbia comprising the Boards of Trade of the cities of Nelson, Rossland, Fernie, Kimberley, Trail, Cranbrook, Grand Forks, Greenwood, Penticton, Creston, Revelstoke and of the Slocan and Salmo Districts. Yes, Mr. Curran.

MR. W. A. CURRAN, called.

The Honourable Mr. Rowell and members of the Royal Commission on Dominion-Provincial Relations: I have been delegated to appear before you on behalf of the Associated Boards of Trade of Eastern British Columbia substantially to lend our support to the brief which has just been submitted to you by the Vancouver Board of Trade. I have with me Mr. Hunter of Rossland, our President, and Mr. Hunter of Nelson, our Secretary. We have filed with you this very short submission simply as a matter of record and to lend, as I say, what help and strength we can to the submission of the Vancouver Board of Trade. Would you care that I should

read it?

THE CHAIRMAN: Yes, you had better read it, Mr. Curran.

MR. CURRAN: "I have been delegated to appear before you on behalf of the Associated Boards of Trade of Eastern British Columbia, which is an association of the Boards of Trade of the cities of Nelson, Trail, Rossland, Creston, Cranbrook, Kimberley, Fernie, Grand Forks, Greenwood, Penticton and Revelstoke, and of the Slocan and Salmo districts.

Representatives of our association have had the privilege of conferring with representatives of the Vancouver Board of Trade. We have had the opportunity of considering the nature and effect of their submissions (already presented to you) which we adopt and support.

I have, however, been instructed to add (by way of emphasis and without detracting from the effect of anything contained in the brief of the Vancouver Board of Trade) that the Associated Boards of Trade of Eastern British Columbia attach the greatest importance to the pressing problems of the cutting down of the expenses of our governments and the balancing of their budgets. If industry is even to hold its own, these problems must be solved. Counsel for the government of the Province of British Columbia has already shown that our people are chiefly occupied in producing, from depletable and depleting resources, basic commodities which must be disposed of in competition with, and in the markets of, the world. The continually increasing cost of government is therefore of great concern, since each successive increase adds to the cost of production. The question then is: What is the solution?

" Each of the Boards of Trade for which our association speaks has given serious and prolonged consideration to these problems since it became known that the Royal Commission would come to British Columbia and would hear representations from such bodies. It is significant that unanimity was reached very soon after the discussion of the problems began.

We draw attention to the fact that duplicate systems exist for the collection of many taxes. To the extent that there is an over-lapping, the systems should be abolished. All taxes such as income taxes, sales taxes, fuel oil and gasoline taxes and the like, should be collected by one agency and that agency should be the Dominion. We do not suggest that the proceeds of these levies should revert to the Dominion Government only; on the contrary we suggest that such proceeds should be allocated, by some equitable method, to the administrative bodies concerned."

THE CHAIRMAN: I take it the viewpoint of your Boards of Trade is that there should be but one collecting agency?

MR. CURRAN: Yes, Mr. Chairman.

THE CHAIRMAN: Do the business men find the different collecting agencies embarrassing or troublesome or expensive?

MR. CURRAN: The duplicate collection of data, duplication of statistics and reports, the duplicate filing of income tax returns and all these things, are aggravating. I think Mr. Peterson in his submissions yesterday indicated there could be some alleviation of that, if they would get together in the income tax field.

" There is an unnecessary duplication of certain government services. Among the most obvious are those relating to agriculture, statistics, trade and

"commerce, research, the regulation of companies, labour, old age pensions and insurance. We submit that all these services could and should be provided only by departments of the Dominion Government, and that, if they were, very great savings in the costs of administration would result.

If, as is our opinion, so many services could and should be removed from the authority of the legislative assemblies of the provinces and their powers so greatly cut down, one is driven to ask what real purpose is served by maintaining the legislative assemblies.

I put it before you, by way of giving emphasis to the similar representations of the Vancouver Board of Trade, that the Associated Boards of Trade of Eastern British Columbia believe that every citizen in Canada must finally be forced to the conclusion that the cost of maintaining at least some of our provincial governments is not justified from any point of view."

COMMISSIONER SIROIS: Have you some particular provincial government in view when you say that?

MR. CURRAN: Well no, none in particular.

"We incline to the belief that the legislative assembly of this province, and other provinces could, with advantage, be dispensed with. We therefore urge the Commission to recommend to the Governor-General in Council that steps be taken to amend the British North America Act so that any province may dispense with its legislative assembly if its citizens by a suitable majority shall have expressed their opinion in favour of such a course in some such manner as is suggested by the Vancouver Board of Trade.

" Ever since the year 1931 the people of Canada have been encouraged to believe that with the passing of the depression the necessity for further large expenditures for unemployment relief would cease and the deficits resulting from the operation of the National Railways would no longer occur. There is no doubt that prosperity has returned to the country. In the year 1937 the volume of business, the percentage of employment, and the revenue of the government were all above normal; in fact, when the final figures become available each will be found to have been the highest in our history. In spite of this, there has been relatively little reduction either in the expenditures for unemployment relief or in the railway deficits. We had the right to expect that our national debt would be reduced in the year 1937. Our Boards are very much alarmed by these facts. We believe that a way must be found for the curtailment of the expenditures for unemployment relief and that the government must be urged to make a determined effort to accomplish the curtailment. It is our opinion that the first step in that accomplishment is the consolidation and nationalization of the system of administering unemployment relief."

THE CHAIRMAN: Have you had any experience yourself in dealing with unemployment relief? Can you give us any information on it?

MR. CURRAN: Only local experience in our smaller communities.

THE CHAIRMAN: And does your local experience support this submission?

MR. CURRAN: I would say that we feel that something should be done about this unemployment question. It is

becoming more and more aggravating and in our local community relief was very successfully administered in the fact that every man up there had to work for his relief.

THE CHAIRMAN: Which is your particular community?

MR. CURRAN: Trail. And relief is still handled in that way up there. During our deliberations on this matter it was even suggested to us by certain members - it might sound re-actionary, impossible probably, but the situation is becoming so serious that it was suggested by some that it might be well, since relief is nothing less than charity, that these people when they finally become charges and on unemployment care, that they be disenfranchised, that they are indirectly dictating to you and to me what the policy of relief will be. They are a party to it. I do not give that as a personal opinion, it is an opinion that was expressed during these deliberations, which indicates that people are thinking a great deal more seriously about the problem than they probably have been in the past.

" Since recurring deficits of our Dominion Government are to such a large extent accounted for by the annual deficits of the National Railways, the problem of those railways is necessarily within the ambit of your inquiries. We emphasize the absolute necessity of some solution of that problem. All unnecessary duplication of services, facilities and trackage in the operation of our railways must be eliminated. All efforts to carry out the recommendations of the Duff Commission having utterly failed, it becomes more and more apparent that some form of unification must be adopted in the interests

"of all concerned.

Since the year 1931, the debt of Canada has been increased by the sum of nine hundred million dollars. It is vitally essential to the Dominion as a whole and to the individual provinces, and in the interest of a permanently harmonious and mutually profitable relationship between them, that no time be lost in formulating and applying drastic measures to prevent further increases of that oppressive burden, which is the cause of the dissatisfactions and dissensions now unfortunately so evident in all parts of the country and has provided the basic reason for the appointment of this Honourable Commission.

All of which I respectfully submit on behalf of The Associated Boards of Trade of Eastern British Columbia."

THE CHAIRMAN: Mr. Curran, when you say, "All efforts to carry out the recommendations of the Duff Commission have failed", is that because the two railways have not been able to reach an understanding as to how the recommendations should be carried out?

MR. CURRAN: My personal opinion is that political expediency has a great deal to do with it, that it is not altogether the fault of the operating managements of the railways.

THE CHAIRMAN: Any questions, Mr. Stewart?

MR. STEWART: No, my Lord.

THE CHAIRMAN: Senator Farris, have you any questions?

HON. MR. FARRIS: No, my Lord.

THE CHAIRMAN: Thank you, Mr. Curran.

MR. STEWART: The brief, my Lord, will be numbered 189.

EXHIBIT NO. 189: Brief of the Associated Boards of Trade of Eastern British Columbia.

MR. G. J. ALEXANDER, Assistant to Commissioner of Fisheries, was called.

BY MR. STEWART:

Q. Mr. Alexander, you have prepared a brief or memorandum relating to the work of the Department of Fisheries of the province of British Columbia? A. In the form of answers to five specific questions.

Q. In the form of answers to five specific questions submitted to you by the Commission? A. Yes, sir.

MR. STEWART: May we have that memorandum marked Exhibit 190?

THE CHAIRMAN: Exhibit 190, yes.

EXHIBIT NO. 190: Memorandum Relating to the Work of the Department of Fisheries of the Province of British Columbia.

MR. STEWART: Q. Would you tell us briefly, Mr. Alexander, the work of the Department of Fisheries of British Columbia? A. Should I read the question as I have it answered here, Mr. Commissioner?

Q. That would be satisfactory. A. "Under section 5 of the Fisheries Act the Fisheries Department is charged with the administration of the Act and with such duties as may be assigned to it by the Lieutenant-Governor in Council.

The Act provides for the taxation of the fisheries as provided by the Lieutenant-Governor in Council, and also for the regulation and control of the various fish-processing plants by a system of licensing. Provision is also made in the Act for the settlement of disputes by arbitration as to fish prices between the fishermen and operators of the various licensed plants. The administration of the Act under these headings involves the collection of revenue and supervision of plant operations in conformity with regulations

"made under the Act; the collection and publication of statistics and other pertinent data relative to the industry. The Department also conducts scientific research on its own behalf into the life-histories of the numerous species of B. C. fish, and co-operates with and participates in joint research work with the Fisheries Research Board."

The Fisheries Research Board, by the way, is a Federal body.

"Among some of the more important of the Department's investigations may be cited the work of Dr. Gilbert on Pacific salmon; Dr. Thompson's early work on the shellfish of the Province and on the Pacific Halibut; and the work of Dr. Clemens on the life-history of the sockeye salmon runs to the four principal watersheds of the province. This latter work is still continuing under the Provincial Department. In addition the Department was instrumental in instituting a joint research programme with the Fisheries Research Board dealing with the life histories of the pilchard and herring populations. This latter is continuing on funds supplied by the Provincial and Federal Governments."

THE CHAIRMAN: The Fisheries Research Board is a Federal organization?

MR. ALEXANDER: The Fisheries Research Board is, my Lord, the scientific branch of the Federal Department of Fisheries. It is known as such although it is a board made up of members scattered throughout the various parts of Canada.

"In addition to the above work, and probably the most important of its work, is the constant vigilance maintained by the Department in order that our fisheries may be adequately protected. The regulation

"and control of British Columbia's fisheries resources are vested in the Federal Government. When British Columbia entered confederation the Federal Government undertook to protect, conserve and promote the fisheries of the Province, and became bound so to do. It is a most important function of this Department" -- that is, the Provincial Department -- "to observe how this undertaking is being carried out and report on same to the Provincial Government through the Commissioner of Fisheries. Probably the two most outstanding results of this function of the Department are the Halibut Treaty and the Fraser River Sockeye Salmon Treaty. Negotiations leading to the Halibut Treaty were brought about largely as a result of the scientific study initiated by this Department, and the need for international action to preserve the salmon runs to the Fraser River was first brought to attention by the Provincial Department, which continued to press for action over many years until final ratification of the convention in 1937."

That is the answer to that question.

Q. Yes. Now, would you describe the activities in British Columbia of the Dominion Department of Fisheries? A. That question is answered in the next one. I will just read it?

Q. Yes, the answers are very concise; I think reading it is the best way of dealing with it? A. "Briefly

described, the work carried on in British Columbia by the Federal Department of Fisheries consists of regulating the catching of fish at such times and places and in such manner as that Department deems suitable in order that the fisheries may not be

"depleted through overfishing or by destructive methods. The regulations are designed with the object of preventing depletion. This is in accordance with the undertaking by the Federal Government when British Columbia entered confederation. In addition to regulating the method, the time and the place where commercial fishing may be conducted in the Province, it is the Federal Department's responsibility to protect the various salmon spawning beds by providing proper facilities to assist fish over natural obstructions in streams frequented by salmon and to insist on adequate facilities being provided so that salmon may pass over artificial obstructions erected on salmon streams such as power dams," -- irrigation dams and any other unnatural obstruction -- "The Federal Department also has authority to regulate in respect to contamination of salmon streams by the discharge of effluent from industrial plants such as pulp mills, saw-mills, etc. To facilitate the making of intelligent regulations covering the commercial fishing in British Columbia, the Federal Department, through its Fisheries Research Board, conducts numerous scientific investigations within the Province and maintains a Biological Station at Nanaimo and a Research Station at Prince Rupert. This Department has authority to and did conduct salmon hatcheries within the Province until quite recently, when the salmon hatcheries were discontinued. The Federal Department also regulates in respect to the quality of canned salmon offered for sale. This latter regulation is under authority of the Federal Meat and Canned Foods Act and enabling legislation passed by the British Columbia Legislature.

"Other functions of the Federal Department deal with the administration of legislation in connection with the International Fur Seal Treaty; International Whaling Treaty; International Halibut Treaty and International Sockeye Salmon Treaty; construction of fishways; stream clearances; screening of irrigation ditches; and protection of fishermen."

Q. Is there in your opinion any overlapping of services as between the Dominion and the Province of British Columbia?

A. "In reply to the above, Mr. Commissioner, and in the opinion of this writer, the work of the two departments does not now overlap. It may be that in the past some overlapping may have occurred due to lack of a proper understanding of the jurisdiction and function of each authority. Various references to the Privy Council and judgments thereto have clarified matters so that now the line of demarcation between the two jurisdictions is much more clearly defined, and as a result each department may be said to be, in some measure at least, supplementary to the other."

THE CHAIRMAN: In reference to this question of overlapping, I noticed in your answer to question No. 1 you stated an important part of the work of your Department was to see that the Dominion Government attended to its work.

MR. ALEXANDER: I might explain that, my Lord, in this way: the fisheries of the Province of British Columbia are one of British Columbia's natural resources. They are administered, not by British Columbia authority but by the Federal authority and the British Columbia Government in its wisdom has seen fit to have some person in authority to observe how that natural resource of British

Columbia, in which they have a proprietary title, is being administered by the other authority.

THE CHAIRMAN: Is not that duplication?

MR. ALEXANDER: I would not say so, sir. Maybe I could make it more clear by suggesting or drawing a parallel; for instance, if I were to say that I fell heir to a large sum of money, but that I was not allowed to administer it myself, it was placed in the hands of trustees, if the sum of money was sufficiently large I would consider I would be justified in hiring someone to observe and report how my affairs were being administered. That is what I meant to point out by suggesting that.

THE CHAIRMAN: You have members from British Columbia in the Dominion House in direct touch with the Federal Department. They see how the affairs are administered. I can understand, if you had no liaison with Ottawa, that might be so, but my observation leads me to conclude that the British Columbia members take quite an active part in the proceedings of the House and I judge they are very anxious to see that all British Columbia interests are conserved.

MR. ALEXANDER: I might say, sir, that while that is considered as one of the important functions of the provincial department, it is not a function that costs a great deal of money. As a matter of fact the administrative costs of the fisheries department are small. It is a small department, three permanent employees, myself and two others, an inspector and a stenographer, and it is administered very economically. So that I think it might be said that the fact that the provincial government has that function or that, shall I call it, watching brief, if you like, over the administration of the affairs of the fisheries is really well worthwhile and can hardly be called overlapping of services.

THE CHAIRMAN: Does it add materially to the expense of administering your Department?

MR. ALEXANDER: That function?

THE CHAIRMAN: Yes?

MR. ALEXANDER: No, sir.

COMMISSIONER DAFOE: Is that function exercised by inspection and studying of reports and statistics, or does it involve actual inspection?

MR. ALEXANDER: It does not involve actual inspection. It is a matter of watching closely the regulations and keeping in very close touch, as a matter of fact it is taken care of personally by myself, keeping in very close touch with the reports and investigations, scientific investigations, and the action of the Federal Department in the light of those reports.

THE CHAIRMAN: Thank you.

MR. STEWART: Further in the memorandum the fourth question is whether in your opinion the total work done by the two departments could be more economically and efficiently done if under one department? A. "In the opinion of this writer the answer to the above question must be in the negative. To clarify this statement reference should be made to remarks under headings Nos. 1 and 2 describing the work being carried on by each department. It must also be pointed out that many of British Columbia's fisheries are conducted outside the territorial limits of Canada and are shared in by nationals of other countries. In these cases protective measures necessarily involve foreign relations. Naturally it should be the prerogative of the Central Authority to deal with other nations. Reference is made to the Sealing Treaty; the Whaling Treaty; the Halibut Treaty

"and, more recently, the Fraser River Sockeye Salmon Treaty.

It should also be understood that a very large percentage of the products of our fisheries is exported to foreign countries. This consideration also involves international relations and it is submitted that, as the Federal Government conducts these negotiations," -- that is in respect to trade treaties and such like -- "that Government's Department of Fisheries can best interpret British Columbia's interests. The same may be said in respect to the inspection of canned salmon and other fisheries products entering into foreign trade.

Under existing conditions and in view of the international character of many of our fisheries, it is felt that the authority for the protection of these fisheries should be vested in the Federal Department.

On the other hand, many aspects of the industry are of purely a provincial nature and in these matters authority must necessarily rest with the Province. British Columbia's fisheries are one of the Province's important natural resources. Due to inherent circumstances peculiar to this resource it is partially administered by the Federal Department of Fisheries. It was pointed out that one of the important duties of the Provincial Department of Fisheries is to observe closely the way in which administration by the Federal Department is conducted and report to the Provincial Government through the Commissioner of Fisheries, in order that the Province's interests may be properly safeguarded. Naturally this function could only be conducted by a Provincial

"Authority.

The licensing and regulation of the various processing plants and the collection of fisheries revenue is also necessarily a Provincial prerogative and must be done under Provincial authority."

Q. Why the licensing and regulation of the various processing plants? Could not that be done by the Dominion Government. A. No, as a matter of fact the Federal Department at one time did undertake to license the plants and on reference to the Privy Council it was held to be unconstitutional.

Q. Apart from constitutional difficulties, is there any administrative difficulty in the way of the Dominion licensing and regulating processing plants? A. As far as licensing and regulation of processing plants is concerned, the licences are in the nature of raising a certain amount of revenue and naturally, I presume, the province would prefer to --

THE CHAIRMAN: Prefer to have the revenue itself?

MR. ALEXANDER: Yes, sir, they prefer to. It is a source of revenue to the province. It is one of the province's natural resources.

THE CHAIRMAN: That is human nature.

MR. ALEXANDER: I think so.

(Page 5441 follows)

BY MR. STEWART:

Q. Have you any suggestions, Mr. Alexander, as to cooperation which might be had with a view to making a saving in expenditure? A. I would suggest there might conceivably be a greater degree of cooperation than does now exist. However, I would like to make it known that there is a certain amount of cooperation existing between the two departments at the present time, but I feel that, due possibly to a long period of misunderstanding when there was a sort of spirit of competition between the two departments--I sometimes think that this is still in evidence and that due to it, there is not the same free exchange of information and the free discussion of mutual problems or problems which reflect upon our fisheries, as there might be.

Q. Apart from that, you have no specific recommendations as to the coordination of work which would result in a saving in expenditure? A. No.

Q. By the way, what is the normal budget of your department, approximately? A. I have it here, Mr. Stewart. For the fiscal year 1936-37, it was approximately \$23,000; in 1937-38, it was \$24,140; and in 1938-39, it is estimated that it will be \$22,240. I might say that in each of those years, the actual expenditure of the department--I have not that figure for 1937-38, but for the fiscal year, 1936-37, we budgeted for \$23,656. and we actually spent \$21,754.00. For the fiscal year which will end at the end of this month, we will be under our budget by about several thousand dollars.

Q. The income through taxation and license fees in that department in the neighbourhood of \$110,000.00. Is it not? A. The total revenue for the year 1930, which was

the first year the province undertook to raise revenue by taxation, that is really as a revenue-raising method, the 1930 figures are \$215,819.00. In 1931, that was the year of the greatest depression, it was \$93,623.00. In the year 1932, it was \$100,191.00. In 1933, it was \$110,465.00, while in 1934, it was \$124,650.00. In 1935, it was \$176,683. 1936 amounted to \$119,530.00. In 1937, it was \$108,025.00.

Q. When was the Department of Fisheries organized in British Columbia? A. 1901-02.

Q. Apart from Quebec, this is the only province which has a Department of Fisheries, is it not? A. As a Department of Fisheries; I think that most of the provinces have some authority, but it is, in some cases with the Department of Natural Resources. They all do maintain some bureau or some branch of a department the responsibility of which is Fisheries. I understand that Nova Scotia, is, at the moment, setting up a Department of Fisheries, separate and distinct from its Department of Natural Resources.

THE CHAIRMAN: They did not tell us that, in Nova Scotia, as I recall it, when were were there.

MR. ALEXANDER: My information was taken from a news despatch, which I happened to see in the paper just the other day. This despatch suggested that Nova Scotia was setting up a Department of Fisheries.

MR. STEWART: This Brief has already been marked, I think.

THE CHAIRMAN: Yes, thank you.

COMMISSIONER MacKAY: Mr. Alexander, do you think that the present system, whereby some research is done by the Fisheries Board, and some research is done under the direction of your department, is satisfactory? Could the

research be shifted to one or the other authority.

MR. ALEXANDER: Yes, these numerous research programmes which I mentioned in my brief, are not now, all going on. Some of them have been turned over to the federal research board. The sockeye salmon investigation was instituted by the Department shortly after it came into being. As a matter of fact, the actual collection of data, with the expenses borne by the provincial department, was carried on for a number of years by Dr. and Lady S. W. A. Clemens. Dr. Clemens is director of the federal biological institution at Nanaimo. His good Lady, who has passed along, was also qualified for undertaking a study of that nature. Dr. Clemens is still carrying on, but it is hoped that we can get the federal research board, to take this matter over eventually. This work is now probably, one of the longest, continuous records of any fishery in the world. Due to its continuity, it has become a very valuable record. We hesitate to drop it, until we are satisfied the federal government, research board will carry on this work. The joint research work, of which I spoke in connection with the herring and pilchard fisheries; this is joint in the respect that the two governments contribute equally to the expenditure, but the actual work is done by the regular members of the federal research board. The reason for our participation in the expenditure was that the federal government felt, it was contributing all it could. At the same time, the research workers were saying that they could not get the work along any faster. It was a fishery which was being exploited very heavily, and we felt that by this contribution we could speed up the work and get the information that much sooner.

COMMISSIONER MacKAY: So that on the whole, the present arrangement with respect to research, works satisfactorily?

MR. ALEXANDER: Yes, quite satisfactorily. Where a fishery is being suddenly exploited like our clam fishery at the present time, it might be necessary, in order to start action on the question, for this government to institute research. We would do so, however, with the idea of turning it over, eventually, to the Federal Research Board. I might say that the Federal Research Board, has cooperated admirably in that respect. They have cooperated to the limit of the money available, and have been doing very well towards research in the British Columbia fisheries.

COMMISSIONER DAFOE: Does the Dominion Research Board, in your judgment, accept or would it accept the full responsibility for research in British Columbia? Does this Board take the position that British Columbia should cooperate by putting up a certain amount of money?

MR. ALEXANDER: I do not think it does take that position, sir. The research board, so far as I know, does not institute or commence research on its own account. The research problems are turned over to it by the federal department of fisheries, and the object of that, of course, is not really a matter of pure science, it is a matter of finding out certain information in order that the federal department might make intelligent recommendations looking towards the conservation of our fisheries.

COMMISSIONER DAFOE: There might be a somewhat different objective by the Department of Fisheries of British Columbia and the Department of Fisheries at Ottawa as to the category of investigation or research?

MR. ALEXANDER: I might say, not so much in the category, as in the need for certain researches. There might be a difference of opinion on that. British Columbia might feel, since it is in very close contact with the commercial fisheries, the need for investigation in certain fisheries. Our government might feel that they were being exploited dangerously. British Columbia might want certain regulations, and regulations cannot be asked for unless there is some scientific basis upon which they can be made. Sometimes it is necessary for the province to undertake this research, to start it for itself, then eventually have the federal Research Board take it over.

THE CHAIRMAN: Thank you, very much, Mr. Alexander, for your interesting presentation.

MR. STEWART: The next person from whom we will hear, is Dr. Cassidy, Director of Social Welfare.

DR. H. M. CASSIDY, Director of Social Welfare for the Province of British Columbia, was called.

BY MR. STEWART:

Q. Dr. Cassidy, I understand you are submitting a brief following the questions which were addressed to your department by this Commission? A. Yes.

MR. STEWART: That brief can be marked as exhibit number 191.

THE CHAIRMAN: Yes, that will be exhibit number 191.

EXHIBIT NO. 191:	The problem of overlapping services in Health and Welfare as between the Dominion and the province.
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BY MR. STEWART:

Q. Dr. Cassidy, I will just repeat the questions which have been addressed to you, and we would like to have you

answer them either by reading your answer or simply discussing it. A. Yes, sir, I will do that.

Q. Would you describe briefly the work which is being carried on by your department within the province?

A. Very briefly, Mr. Chairman and gentlemen, the department of the Provincial Secretary, to which I belong, is the Department of Health and Welfare. The major health and welfare services of the province come under its jurisdiction excepting, unemployment relief and old age pensions. The general public health work of the province comes under its jurisdiction, including the operation of tuberculosis control, institutions and out-patient services, venereal disease control, public health laboratories and the collection of vital statistics. This includes also, mental hospitals, and psychiatric clinics, grants-in-aid, and supervision of general hospitals, poor relief, that is medical care for unemployables and their dependents in unorganized territory, mothers' allowances, industrial schools for boys and girls, child welfare and miscellaneous services. Certain of those services are for those living in municipalities as well as for those living in unorganized territory, whereas other services relate to those persons living in unorganized territory. The scope of the work is indicated, perhaps, by the expenditure which, for the last fiscal year, reached about \$5,000,000.00 gross.

THE CHAIRMAN: How was that divided, particularly, how much went for hospitalization?

DR. CASSIDY: We have, in the department, two or three big items and some minor items. The item for mental hospitals runs about \$1,000,000.00 and the grants to hospitals have been running almost up to that figure; then, tuberculosis control, tuberculosis institutions and out-patient

services have been running to about \$750,000.00. Mothers' Allowances have been accounting for about \$250,000.00.

THE CHAIRMAN: That is accounting for about \$3,500,000. out of about \$5,000,000.00, is it not?

DR. CASSIDY: Yes, roughly, those are very rough figures, Mr. Chairman.

BY MR. STEWART:

Q. Now, Dr. Cassidy, will you deal very briefly with the work carried on by the Dominion department of National Health and Pensions within the province? A. Yes, I think the services outlined, Mr. Chairman, in the memorandum, are the ones dealt with by the Dominion department. The main services of the Department of National Health would be as follows; Food and Drug inspection and supervision, Opium and Narcotic control, control and supervision of proprietary and patent medicines, operation of the laboratory of Hygiene, public health engineering, sick mariners' medical service, immigration medical service, child and maternal hygiene, industrial hygiene, epidemiology, publicity and health education, and grants to national health organizations. Some of these services are extensive, and some are merely head office services which have some value throughout the Dominion. Take, for example, child and maternal hygiene, publicity and health education, those are general services of assistance to the province. The local authorities provide the organization. They provide the organization under which most of the work is done whereas, in the case of the Food and Drug inspection, it is a major activity which extends directly throughout the whole country.

Q. The last four in the list have just been recently added to the functions of the Dominion Department, have they not? A. Yes, Mr. Stewart, in 1937, I think. However,

they represent replacements, rather than the establishment of new services. These services were carried on from about 1919, to 1937, when they were curtailed because of economic reasons.

There are, it may be said, two ways in which the work is carried on. In the first place, the administration of a pension to war veterans and their dependents, as well as medical services in connection with disabilities incurred during war service. Secondly, there is what we might term social services, somewhat similar to those provided by the province. This is called a war veterans' allowance, and is paid to veterans who are destitute. These men are given unemployment assistance, and the needy pensioners also obtain a fairly complete medical service for disabilities not incurred as a consequence of war service.

I might mention, sir, that there is one other department at Ottawa which performs services somewhat similar to those of the Department of the Provincial Secretary of British Columbia. This is in connection with the Indian Affairs Branch of the new Department of Mines and Resources, which provides for the health and welfare services for the Indians within the boundaries of this province.

Q. You also referred to the Bureau of Statistics? A. Yes, I did.

Q. Now, Dr. Cassidy, would you point out the respects in which there is any overlapping of the work as between the Dominion Department and your Department? A. There is some difficulty, in the first place, in defining the term, "overlapping"; with reservations upon this point, may I proceed? First, I point out in the memorandum that overlapping may take two forms, that is, similar services

for the benefit of the general population and similar services for different groups in the population. I do not see, Mr. Chairman, much overlapping in the form of similar services for the general population, so far as the activities of the Department of Pensions and National Health is concerned. This Department is concerned with certain aspects of health work which I have indicated at page 6 of the memorandum. Broadly speaking, the activities of the National Health Division of the Department of Pensions and National Health, are concerned with international hazards to health, inter-provincial hazards to health and assistance to provincial, local and private health agencies. On the other hand, the health work of the Department of the Provincial Secretary is intra-provincial. Of course, there are a number of places where lines must be drawn as between the work of the federal department and the work of the local department. You have services which come together at a great number of points, but unless you wish me to go into the details of that which is contained in the memorandum, I will skip over it.

There is more evidence of overlapping in the form of similar Dominion and provincial services for different groups in the population. These services are concerned with assistance rendered sick mariners, that is for sailors on the deep sea vessels, services for Indians and for certain classes of war veterans. The Dominion government, performs services similar to those performed by the provincial and the local authorities. So far as the sick mariners are concerned, they are given medical care somewhat similar to the medical care given indigents of this province.

The Health and Welfare services provided for the Indians, is somewhat similar to those provided for the general population of the province. These services are provided by the Dominion Department of Mines and National Resources. In respect of war veterans, I do not think it can be said there is any overlapping in the matter of pensions or medical services dealing with war disabilities, but there is a tendency on the part of the Dominion government to extend social services to meet problems of the war veterans which do not arise directly out of the war. These services do appear to overlap in some measure, with the services provided by the provincial and local authorities for the general population.

THE CHAIRMAN: Would you illustrate that point, Dr. Cassidy?

DR. CASSIDY: Yes, sir. I think, perhaps, the clearest illustration is what is known as unemployment assistance which is now provided by the Department of Pensions and National Health. Unemployment assistance, as it has been carried out, has been assistance given to war pensioners, who are in difficulty because of lack of employment. The disability of the war veterans is scaled from 100 per cent down to 5 or 10 per cent, and it is chiefly these small pensioners who are in receipt of this special assistance. The allowance given to the pensioner includes an allowance for the number of dependents which that pensioner may have, therefore, there is a type of administration set up which is very similar to the service rendered by the Provincial Secretary's Department, as well as the unemployment relief branch of the Department of Labour and by the municipalities of this province. There is

a somewhat similar situation due to the fact that allowances are granted to men in respect to problems which could not be said to have arisen strictly out of disability through war service.

THE CHAIRMAN: Does the scale of relief differ from unemployment relief?

DR. CASSIDY: Yes, sir, generally speaking, it does. I am referring now to unemployment assistance. We do not have a completely uniform scale of relief given by the municipalities and the rules and regulations prevailing within each municipality differ somewhat. In general, I think, the pension is more favourable than the provision made by the provincial or local authorities.

COMMISSIONER MacKAY: Do you think there is much duplication of payments of relief to those people?

DR. CASSIDY: Do you mean to say, sir, are both authorities paying into the one family?

COMMISSIONER MacKAY: Yes, that is what I mean.

DR. CASSIDY: In some instances, that does take place. With reference to mothers' allowances, we have on the records approximately 30 cases where allowances are being paid to families who are in receipt of war veterans allowances. I do not have specific figures for the city of Vancouver, showing the duplications there, but I am informed by the administrator, Mr. Bone, that there is quite a number of cases in which payments are being made by the two authorities.

BY MR. STEWART:

Q. In your opinion, Dr. Cassidy, could the total work done by both the departments be more economically and efficiently done under one department? A. Are there any

suggestions which you have as to the shifting of the administration of any particular branch of the work?

A. In answer to the general question, one must make a categorical answer, which is "No". However, I should like to make that with some qualifications, if I may. There is room, I think, for both Dominion and provincial activity in the field of health and welfare, and so far as most of the services, discussed in this memorandum, are concerned, it does not appear that there would be any administrative advantage in reshuffling them between the Dominion and the province. But there are qualifications to be made to this general statement with references to social services for war veterans other than those whose problems arise directly out of war service, and particularly with reference to unemployment assistance. I think, if we look over the health functions performed by the Department of Pensions and National Health, it will be clearly seen that most of these could not possibly be performed by the province because they are concerned largely with international and interprovincial aspects of the matter. Then the question arises whether the health work of the Department of the Provincial Secretary could be properly transferred to the Dominion government. I have set forth some general arguments on this point, sir, but I will not read them unless Counsel desires me to do so.

MR. STEWART: I think it might be well to read the general arguments against the transference of the work to the Dominion.

DR. CASSIDY: There are several reasons why--

THE CHAIRMAN: At what point are you reading?

DR. CASSIDY: I am quoting from the second paragraph

of my brief, at page 12:

"There are several reasons why the major responsibility for health administration can best be assumed by the provinces. In the first place, health work is intimately associated with other functions of local government, such as street cleaning, garbage removal, provision of water supply, supervision of retail shops, restaurants, rooming houses and hotels, police administration, etc. So long as the provinces have legislative jurisdiction over local government it seems that they should also have control of those functions of government, such as health, which can well be performed, at least in large measure, by the local authorities.

Secondly, health administration is closely related to the administration of other social services, including education, public assistance and mental hygiene. Every health department, provincial and municipal, faces constant problems of coordination and cooperation with these other social services. Assuming that these services are administered by the provincial government, the best results in health work will be obtained if it is also under the same jurisdiction. For it is certainly easier to obtain coordination as between two provincial departments than as between a Dominion department and a provincial department. If the Dominion were to assume a large measure of administrative responsibility in the field of health, while other social services remained under the jurisdiction of the provinces, problems of coordination that now exist would almost certainly be intensified."

I might state there, sir, that it does seem to me, from an administrative point of view, that like things belong to like things. In administering, many petty things come up which dovetail in with the work of some other department. If things are closely related, you could run across to some other office or make a telephone call. In this way, a great many delays would be avoided, and it is from this point of view, largely, that I suggest, since health is an important social service, and so long as the other social services continue to be administered by the province, it is advisable to have them both under one authority. I continue to quote from the Brief at page 12:

"Thirdly, there is a strong case in Canada for decentralization of administration, unless centralization is absolutely necessary--as it obviously is in the case of such services of national significance as the collection of customs duties, the control of inter-provincial transport and the control of currency and banking. For the sheer bigness of the country, along with important regional difference, makes central administration costly, cumbersome and difficult."

THE CHAIRMAN: Perhaps, the Trans-Canada air route will remove some of those difficulties.

DR. CASSIDY: Yes, sir, I think it will, very definitely. Continuing to quote, I read:

"Remote control, as from Ottawa, makes for slow decisions, slow adjustment to meet the peculiar needs of local conditions, insensibility to local public opinion and general lack of flexibility. To say this, however, is not to decry national leadership on matters of policy or national coordination of

"administrative activities in health or in other fields. There are various devices, including conditional grants-in-aid, preparation of model legislation, provision of research and statistical services and education of the public which can be employed by a federal government to promote uniformity of standards throughout its provinces. Dominion leadership in the health programme, the writer believes, is not incompatible with decentralized administration."

BY MR. STEWART:

Q. Now, as to specific instancesⁱⁿ which, in your opinion, greater efficiency can be brought about, if there were cooperation? A. Perhaps, I had best carry on here and refer to two or three more points which are set out in the Brief. There appears to be, then, some overlapping so far as welfare services are concerned. I continue to quote from the Brief at the bottom of page 13:

"As we have seen, there is some overlapping of welfare services as between the province and municipalities, on the one hand, and the Dominion, on the other hand, with respect to social services for war veterans dealing with problems other than those arising directly out of war disabilities--notably unemployment assistance, and to a lesser extent, war veterans' allowances. So long as this exists there must be maintained two sets of overheads and there are inevitably problems of imperfect coordination, so that efficiency and economy of administration are more difficult to achieve than under one authority. Assuming that the province and its municipalities continue to operate the main public assistance

"services, it seems likely, therefore, that it would be advantageous if public assistance to war veterans were also administered through them. This statement, of course, is based only upon administrative considerations. It does not pretend to take into account other considerations which may justify the provision of social services for war veterans through the Department of Pensions and National Health."

COMMISSIONER MacKAY: Just on that point, Dr. Cassidy; if the Dominion came to the conclusion as I think in general it has, that war veterans are entitled to some special consideration, would it not be difficult for the province to administer a federal Act?

DR. CASSIDY: I think there would be some difficulties, inevitably, because an agent does not always perform his functions in accordance with the detailed wishes of his master. However, proposals have been made in this connection. There was a conference held in Ottawa under the auspices of the Canadian Council on Child and Family Welfare about May 4, 1933 at which there was a very full discussion of these questions relating to social services. The recommendation made at that time, was that there should be administration through one authority. I shall quote from the findings of this council as contained in, "Problems in the Social Administration of General and Unemployment Relief", published by the Canadian Council on Child and Family Welfare. I quote: from the middle of page 36:

"There is a serious and marked tendency in recent months as unemployment persists for the pensioner to remain continuously on relief.

There is constant confusion, comparison and duplication between these hopelessly overloaded

"services of the Dominion Department and the local relief services, dealing with ordinary unemployment relief in the respective communities. Unless the latter services are extremely well organized--and that is true in too few communities to-day, the way is open to connivance and exploitation, while there is constant comparison of the relief methods and schedules of the "pensions' relief" and "direct relief."

The situation would appear to raise the question of action along one of two lines:

1. Retention of this form of direct relief within the Dominion Department of Pensions and National Health, but with the creation of special relief machinery adequate in staff and equipment to handle it, or
2. Assignment of this problem of direct relief to the same units and machinery handling all other direct relief, primarily due to unemployment, or general social conditions in the community, even if the federal power makes a special agreement re the percentage of aid granted."

Then, it is suggested at page 37 of this report from which I have quoted--

"Were such a departure to be urged it would be well to suggest that:

1. Where well organized Welfare Bureaux and similar services exist efforts should be made whereby the veteran and his family would be assured employment and general social services without prejudice because of the fact that he is a pensioner.
2. In each relief office there should be a special department for veterans, pensioned and non-pensioned in charge of a special worker thoroughly versed in

"pension and allowance regulations, etc., situated in a separate room and delegated to receive veterans' applications.

Where possible veterans should be assigned to a special veterans' hostel in a community where more than one hostel operates; to their own dining hall where this is possible; or to their own dormitories or tables where only a common hostel offers."

In brief, the proposal was that the administration should be through the province or local authority with special provision made, if you like, for the Great War veterans. I suggest that might be one way in which the problem might be met.

COMMISSIONER MacKAY: Is the staff for administering relief to veterans very large?

DR. CASSIDY: My information is, that in this province the head office is at the Chalmers Hospital in Vancouver.

I believe, there is a staff of three assistants. Investigations throughout the province are made by the officials of the land settlement board which is another Dominion agency. In some cases our provincial police are used for the purpose of investigation. The case list, I believe, at present consists of about 1,500 cases. This would be largely concentrated in Vancouver and the remainder would be spread very thickly throughout the province

COMMISSIONER MacKAY: You do not discuss medical services for veterans in your brief, do you?

DR. CASSIDY: I have mentioned it.

COMMISSIONER MacKAY: You have mentioned it, but you have not suggested that it might be administered by the province?

DR. CASSIDY: No, I have made no specific suggestions. I felt that my duty was rather to point out the problems existing, than to make suggestions. Any decision upon rearrangement is one, I think, which would involve a tremendous amount of careful study to find the best way of meeting all the difficulties. I have pointed out the conditions which do exist, rather than go into specific proposals as to how to overcome these difficulties.

BY MR. STEWART:

Q. You also have a discussion as to the Indian problem in connection with medical welfare services? A. Yes, sir, I have.

Q. Would you just give us your ideas on that? A. Yes, sir, the services for the Indians do appear to duplicate those of the province, but there does appear to be some substantial reason for separate services so far as Indians are concerned. The Indians are in a somewhat different position than the general population. They are living, mainly, on reserves, segregated from the white population, and they present special problems by reason of their peculiar economic, social and cultural condition. They represent a very distinct group, with health and welfare problems more similar to Indians in other provinces than to those of the white population. This being true, there is a substantial argument for special health and welfare services for Indians throughout the whole country, to be administered by the Dominion. The general administration of Indian affairs is handled by the Dominion at present, and there is much advantage in having health and welfare services operated as an integral part of the whole. I suggest, later, coordination on that point, Mr. Stewart.

Q. Now, if you would take up your suggestions on the question of coordination, Dr. Cassidy? A. I have been making, sir, only suggestions as to the ways and means of coordination. Frankly, I may say this, that this is more important through the findings of any overlapping which may exist. The problem of overlapping may be due to lack of coordination, and coordination will go a long way towards the solving of the problems which now exist. There are several methods whereby greater coordination can be achieved. The first of these is by the purchase of services. If the Dominion is responsible for a task similar to the one performed by a province, and its special circumstances are not such as to require a special organization to do the job, it seems quite reasonable that the Dominion should buy services from the appropriate provincial authority. It may be possible to do the reverse.

This is now being done to some extent. As an example, the Indian Affairs branch maintains Indians in our mental hospitals and the Indian Affairs branch pays us a per diem for their maintenance. The Department of Pensions and National Health maintains war veterans in our hospitals for whom that department is responsible. We have a good many inter-relations already, and I think those inter-relations can be increased substantially. Secondly, it seems there is a great need for a greater uniformity of standards. In the case of similar services performed by the Dominion and the province, it is desirable that the two authorities should establish and maintain somewhat similar standards. Otherwise, a serious problem may arise. For example, tuberculosis and venereal diseases are much more prevalent among the Indians than among the white population. Now, for that reason, we have had some rather serious problems.

I may mention a few figures at this point to indicate the seriousness of the problem of tuberculosis. The death rate among the Indians in 1935, was 642 per hundred thousand of population, whereas amongst the whole population, it was approximately 80 per hundred thousand. The death rate amongst the Indians has been about 13 to 15 times as much as it has amongst the white population which was only, 40 per one hundred thousand of population.

COMMISSIONER ANGUS: When you say "white population" and "general population", the general population includes the Asiatics, does it not?

DR. CASSIDY: Yes, we have the population segregated into Whites, Asiatics, and Indians.

The infant death rate for Indians in 1935, was 429 per hundred thousand of population.

COMMISSIONER DAFOE: That is for the province, is it Dr. Cassidy?

DR. CASSIDY: Yes, for the province. The infant death rate amongst Indians was 429 per one hundred thousand of population. The death rate for the whole population, including Indians, was only 63 per one hundred thousand persons. These figures show an enormously high death rate amongst the Indians. I might say that our available statistics indicate that communicable diseases amongst the Indians are much more prevalent than amongst the remainder of the population. We have felt that the Indians are a source of infection to the outside population, and until the Indian Affairs branch does something about it, I think the high death rate will remain constant. It is for this reason that we favour the adoption of uniform standards. The efforts of the provincial government to improve health conditions among the whites are definitely hampered unless

a health programme for Indians is undertaken which brings their health conditions within reach of the standards prevailing in white communities adjacent to the Indian reserves.

THE CHAIRMAN: Why is the death rate for tuberculosis so much greater amongst the Asiatic population than the white population?

DR. CASSIDY: I think the answer to that is partly due to the fact that tuberculosis is a disease of poverty, of over-crowding and other factors arising out of poor living conditions, such as poor diet, and rather poor discipline. The Asiatics are undoubtedly somewhat more crowded in their living conditions. We have spot maps showing the incidence of tuberculosis in the city of Vancouver. The incidence is very much higher in the crowded sections in which the Asiatics live.

THE CHAIRMAN: That is, there is nothing racial in it? The figures are not due to a racial strain, they are just due to the conditions of living?

DR. CASSIDY: The racial factor, to my knowledge, is not a factor.

COMMISSIONER DAFOE: But it is in the case of Indians, is it not?

DR. CASSIDY: There again, Mr. Dafoe, I cannot give a definite answer. I can only refer to the views held by the tuberculosis education people, who are studying the problem a good deal. I think I can quote in a sentence or two, Dr. Hatfield's views upon the matter. In controlling tuberculosis, it is the view that isolation must be carried out. The moment the sputum test is found to be positive, there should be isolation. So far as Indians are concerned, nothing of this sort has been done, I believe, that is the

answer. If an Indian child has tuberculosis, it lives at home with the rest of the family. This inevitably carries the disease to the other members of the family. The only way in which a measure of control can be exercised, is by isolation the moment a case of positive sputum is found. Until provision has been made by the Indian Affairs branch to provide for isolation of the Indians, the death rate will continue to be high and it will continue to be a handicap to the creation of high health standards in the adjacent white communities.

COMMISSIONER DAFOE: I think the contrast is quite as striking in Manitoba as it is here. They are relatively the same, I suppose.

DR. CASSIDY: Definitely, Dr. Jackson of Manitoba feels very keenly about the matter. He feels that some special provision should be made. The provincial health authorities have made representation on this subject for some time to the Dominion government. I might say, that at the present time, discussions are in progress regarding a considerable extension of the work dealing with tuberculosis among the Indians of this province. I think the Indian Affairs branch is quite aware of the seriousness of the problem.

BY MR. STEWART:

Q. The third point is the provision for gaps in the service.

A. Yes, sir, this is a problem, I think, which is closely related to the preceding point concerning the desirability for greater uniformity of standards. There are certain problems which present themselves, and we think some solution should be found through consultation and agreement.

THE CHAIRMAN: It is one o'clock, now, so we will continue with this at 2.30.

AFTERNOON SESSION

--- The Commission resumed at 2:30 P.M.

MR.STEWART: We were just coming to the non-resident problem, I think, Dr.Cassidy.

DR.CASSIDY: Yes.

THE CHAIRMAN: It has been pretty fully discussed; if you could tell us what your practical suggestions are, Dr.Cassidy?

DR.CASSIDY: Yes. I would like to mention first, if I may, it does seem to me - and I may say to my colleagues, - the Departments have all thought of it a good deal, - that there is a practical solution, at least for one part of the problems. And that practical solution is to have each person in Canada "tagged", you might say, with their province of residence, by virtue of the development of uniform residence rules throughout the country, either by Federal legislation or regulation or by inter-provincial agreement. Regulations could be drawn up, it seems to us, that assuming a province has responsibility for social service, responsibility for meeting the costs of health and welfare services to individuals can be assumed by the province of residence or by the Dominion Government. That has no meaning except in terms of provinces, - that is, the persons within the boundaries of the province itself; it is a question between themselves. Whether the term be three years or five years, as the case may be, there must be some rules or regulations for that provincial responsibility to have any real meaning. We have worked out in this province a system of that kind in respect to our municipalities, an Act called the Residence and Responsibility Act, and under that Act a person belonging to a municipality, if he has lived there

for one year, on a certain basis, or by three years' residence, receives some sort of public assistance. And I have, as a matter of fact, another memorandum, - a draft copy of regulations, which I can submit to the Commission if this proposal in detail would be of any interest.

THE CHAIRMAN: That might be given to the Secretary, Dr. Cassidy, and it could be marked as a supplement to this exhibit.

EXHIBIT NO. 191-A - Memorandum of Draft Regulations
BY MR. STEWART :

Q. Then you have some observations to make, Dr. Cassidy, on ways and means of doing that. Would you mind letting us have that? A. It seems to me that there should be some machinery for co-ordination and co-operation. In the field of health such machinery already exists to a considerable extent, through the Dominion Council of Health, organized back about 1919, when the Federal Department of Health was set up. But unfortunately, there does not exist the same machinery to deal with problems of social welfare. Four or five Dominion Departments have some welfare service; the responsibility for the general consideration of welfare problems is not concentrated in any one department at Ottawa, so that when one goes to Ottawa on some mission for the province one may have to visit four or five different Dominion Departments, and one can not find anyone whose responsibility is to think of social welfare problems as a whole.

It is always Old-Age Pensions, Unemployment Relief, some form of health. There is a great lack of uniformity at Ottawa in departmental welfare work. In the welfare field, there has been, I think, considerable lack of national plan, which is very necessary if proper coordination of Dominion and Provincial services is to be obtained. In the field of welfare

as in the field of health, the Dominion should undertake services of research, statistics, expert advice to the provinces and local authorities, promotion of uniformity in standards and so on, and should also provide facilities for consultation between Dominion and Provincial officials. If there was established a Dominion Department of Welfare or a Bureau of Welfare in some existing department, the performance of such functions should be made the very centre of its work.

I would like to go on to say, if I may, that substantial achievements in coordination must depend a good deal on the close contact of Dominion and Provincial administrative officials. Coordination is typically an undramatic, laborious and highly detailed job which involves a great many minor adjustments. Dominion and Provincial officials can make many of these adjustments by mutual arrangement under the powers that they now possess by virtue of existing legislation and regulation. In some instances, legislation and regulations will have to be changed. These changes, that so frequently involve highly technical considerations, can best be suggested by officials from the different administrative authorities, who consult with each other frequently and agree upon methods of improving their relationships. Real progress in coordination, in my opinion, probably depends more than anything else upon provisions by the Dominion Government of effective machinery through which consultation between officials can take place, and through which expert opinion can be brought to bear upon the problem of solving detailed questions of administration.

THE CHAIRMAN: How would you work that out in a practical way, - a practical organization?

DR.CASSIDY: Well, sir, I think the machinery of

the Dominion Council of Health offers some suggestion in that connection. The Dominion Council of Health is made up, as I think you know --

THE CHAIRMAN: Yes, I know its composition.

DR.CASSIDY: That sort of machinery in the welfare field would be of great value, I submit. There is no meeting of minds at present as between Dominion and Provincial officials, and it is highly important that provincial officials should be brought together. We have no organized process whereby that takes place at the present time. Take this for example, where Provincial officials may discuss some problem of coordination with Dominion officials of the Department of National Health. We talk, shall we say, to the local administrator; a very fine man with whom we are on very friendly terms, and discuss our problems. He says: "I appreciate your problem, but what will the other provinces say? Any rule we lay down must be applicable to all the other provinces." We have to say we have not been able to discuss it with the other provinces. There have got to be very frequent meetings in the various fields of the different officials in connection with many different problems.

COMMISSIONER MacKAY: Do you think of anything like an annual conference, or anything of that sort, Dr. Cassidy?

DR.CASSIDY: Annual conferences, Dr.MacKay, of course play a very large part for the purpose of generalities. I come back to the idea of the Dominion Health Council as the most useful body, that is a body which meets semi-annually, and which may have special meetings called for particular purposes, I believe. Some such constitution as that, I think, would be extremely useful in the welfare

field. There are, of course, annual conferences in the professional associations, where general papers are given. Those are useful too, but not so useful in solving particular problems of administration.

BY MR.STEWART:

Q. Have you set out in your memorandum as to the appendix the organization charts of your department?

A. Yes.

THE CHAIRMAN: Then you have three recommendations; you have outlined the substance of them in the statements you have made?

DR.CASSIDY:Yes.

MR.STEWART: They are just a summary, my Lord, of the discussion.

THE CHAIRMAN: Thank you, Dr.Cassidy.

MR.STEWART: I think the next brief is that of the Department of Labour, my Lord. Mr. Adam Bell, the Deputy Minister of Labour.

MR. ADAM BELL, Deputy Minister of Labour, was called:
BY MR.STEWART:

Q. Mr.Bell, you are the Deputy Minister of Labour?

A. Yes.

Q. And at the request of the Commission you have prepared a memo answering five questions they submitted to you?

A. Yes.

MR.STEWART: We will file that as exhibit 192.

EXHIBIT 192 - Memorandum filed by Department of Labour
of the Province of British Columbia

MR.BELL: I think there are eight questions, sir.

BY MR.STEWART:

Q. Now, Mr.Bell, would you describe briefly the work being carried on by your department within the province?

A. "The work being carried on by the Department of Labour

is, primarily to discharge the duties and responsibilities ascribed to the Department by the Labour Laws of the Province.

First of these laws is the Department of Labour Act, which, in general, charges the Department with the administration of all the laws of the Province affecting labour, and, in particular, requires the Department to acquire and disseminate knowledge on all matters connected with the industrial occupations of the people with a view to improving the relations between employers and employees.

Laws affecting Labour administered in whole by the Department include the following:

Apprenticeship Act	(administered by Provincial Apprenticeship Committee)
Employment Agencies Act	
Factories Act	
Hours of Work Act) Administered by Board of
Male Minimum Wage Act) Industrial Relations
Female Minimum Wage Act)	
Industrial Conciliation and Arbitration Act.	
Labour Regulations Act,	
Semi-monthly Payment of Wages Act	
Trade-schools Regulation Act	(Administered by Committee consisting of three administrative officers)

The Workmen's Compensation Act and the Old Age Pensions Act are administered by the Workmen's Compensation Board under the Minister of Labour for administration purposes.

Other Acts having a partial bearing upon labour matters are, to that extent, the responsibility of the Department.

Administration of Unemployment Relief."

Q. Will you describe briefly the work carried on by the Dominion Department of Labour, in British Columbia?

A. (2) "The corresponding work carried on by the Dominion Department of Labour within the Province consists of the collection and dissemination of statistical information on matters affecting labour and

industry, the administration of the Industrial Disputes Act (Federal) so far as it applies within the Province, and the administration of Dominion laws and regulations relating to fair wages and hours of work on Dominion Government undertakings."

Q. Would you point out the respects in which there is overlapping?

A.(3) "There is no overlapping of work except perhaps in the collection and distribution of statistical information, but even in this there is no 'duplication of work' as the information gathered and distributed by each department deals with different matters and varies considerably in character.

The existing allocation of constitutional power and responsibilities as between the Dominion and the Province precludes overlapping in matters that come within the exclusive competence of each department".

Q. Would you just illustrate that, - what the difference is? A. The Dominion Department of Labour collects and disseminates information of a general character effecting labour throughout the whole Dominion. I refer particularly to the information that is published in the Dominion Labour Gazette. For example, statistics pertaining to the cost of living, statistics pertaining to strikes and lock-outs throughout Canada, employment and unemployment in Canada, based on returns received from Trade Unions and employers of labour.

Q. What is the nature of the material and statistics collected by the Province that differs from what is collected by the Dominion? A. I think, sir, that the information collected by the province generally, - and I am speaking particularly of the province of British Columbia, - is along lines calculated to ascertain how provincial

statutes are functioning. For example, we collect information by means of a statistical form which is sent out every year to employers of labour in the province. That form is devised and designed in a manner to procure the information that will demonstrate how our own provincial laws are operating, such as our Minimum Wage Act, our Hours of Work Act, and provincial statutes of that description.

Q. Does not the Dominion Department also collect statistical material as to minimum wages paid and the hours of labour? A. No sir, not in the way that we find of any advantage to the province.

THE CHAIRMAN: Take the two Industrial Disputes Acts; you have your own Industrial Disputes Act in this province, and there is the Federal Industrial Disputes Act. Prior to the decision twelve years ago the Federal Industrial Disputes Act covered the whole of Canada. Is there any material change in the situation so far as the settlement of disputes is concerned?

MR. BELL: Yes, your Lordship, the provincial statute, known as the Industrial Conciliation and Arbitration Act, was passed in December last year. Prior to that time the Federal Act was operative within the province by virtue of the enabling legislation, known as the Provincial Industrial Disputes Act. But the effect of the Industrial Conciliation and Arbitration Act was to repeal the enabling legislation for the Federal act, so that the position now is that the Federal Act is only applicable in the province to those matters which are exclusively of federal concern. The provincial act applies to all other disputes within the province.

THE CHAIRMAN: It was represented to us, I think by the Canadian Trades and Labour Congress that it would be

desirable to have jurisdiction with the Federal Parliament so that the Federal Industrial Disputes Act might apply to the whole of Canada. That was suggested by some representation made to us. What would you say to that?

MR.BELL: I would say, your Lordship, that the Federal Industrial Disputes Act would require to be considerably changed before it could be of any advantage in that direction. As it stands at present, it can only be brought into operation in the case of a dispute in a matter of ^{minor} public utilities and in the case of other disputes, - I should say disputes other than minor public utilities, - it can only be brought into operation by the voluntary request of both parties. We have found that a considerable handicap.

THE CHAIRMAN: Do you think it would be desirable or undesirable that there should be the one authority dealing with industrial disputes, namely, the Dominion? The argument in favor of the Dominion, as I recall it, was that industrial disputes sometimes extend beyond Provincial boundaries. The labour organizations are as broad as the Dominion, and the employers' organizations are often Dominion-wide, or extend beyond the boundaries of the province; many companies have their branches in various provinces. Do you see any advantage or disadvantage in having the Dominion deal with the whole problem of industrial disputes?

MR.BELL: I think we would be inclined to get quicker action by administration closer to the problem. By that I mean the province can step into the breach much more quickly, and with closer knowledge of the actual dispute than a more distant authority.

BY MR. STEWART:

Q. You have practically covered question 4 in the answer

you have just given to his Lordship? A. I think so.

Q. Have you any suggestion to make as to coordination between the Dominion and the province, with a view to ensuring greater economy and efficiency in administration?

A. (5) "I would say in my opinion there is no respect in which the work of the two departments could be co-ordinated, as long as the functions of the departments remain distinctive under the Constitution.

Assuming that co-ordination were made possible by re-allocation of constitutional responsibility,

I am doubtful that greater efficiency and economy could be obtained.

In this respect, particular reference is had to the administration of laws bearing upon minimum wages, hours of work and conditions of labour where close contact between the 'administering body' and the 'problem' is essential to proper understanding, efficiency and economy".

Q. Your answer to question 6 has already been given, has it not? A. Yes.

Q. Have you any suggestion as to the transfer of power as between the Dominion and the Province in order to ensure greater efficiency or economy in administration?

A. No, I cannot say that I have.

Q. Mr.Griffith deals with the unemployment problem?

A. Yes.

COMMISSIONER ANGUS: Does the Dominion Fair Wage Officers' work involve cooperation with your department?

MR.BELL: Quite frequently. I might say, the Dominion Fair Wage Officer and myself have cooperated on many occasions under the Federal Industrial Dispute Act, where we have tried to utilize that statute in disputes other than minor public utilities.

I might say in that connection, prior to the provincial act being passed last year a dispute under the Federal Act was already underway in certain coal mines on Vancouver Island. We cooperated with the Dominion Department to the extent that they would continue with the board already set up, and which had already brought in an interim report, until that dispute had been brought to a conclusion.

COMMISSIONER MacKAY: Under question 7, Mr. Bell, the last paragraph, you say "The right of the province to establish minimum standards compatible with conditions within the province should remain supreme. The Dominion, however, might well be empowered to establish minimum standards of general application throughout Canada".

That would seem to argue for concurrent jurisdiction over labour.

MR. BELL: That is what I had in mind, sir; concurrent jurisdiction, with the province still retaining authority within the province.

COMMISSIONER DAFOE: To lower the minimum, - to lower the Dominion minimum.

MR. BELL: No.

COMMISSIONER DAFOE: To raise the provincial minimum?

MR. BELL: To deal with the provincial minimum, either by lowering or raising, such as we have at the present time.

COMMISSIONER DAFOE: You cannot have a uniform Dominion minimum on that basis.

THE CHAIRMAN: I understood the position taken by the Premier the other day to be that the province favored Dominion legislation in reference to hours and wages, provided, however, that the Dominion legislation should not prevent the province from establishing shorter hours and higher wages.

HON. MR. PATTULLO: That is correct, sir.

THE CHAIRMAN: One difficulty that has occurred to me since, Mr. Premier, which did not occur at the moment; some provinces might say "Well, if one province has the right to go above, should not we have the right to go below." If that is conceded, uniformity disappears.

HON. MR. PATTULLO: It would not be a minimum wage then at all, really. You would have to have them uniform across Canada. For example, in this province we think we have a higher standard of living, - I think probably we have, - so that is one of the reasons why this province wishes to retain the authority to shorten the hours of work and increase wages.

MR. STEWART: I have nothing more to ask Mr. Bell.

THE CHAIRMAN: Then Mr. Griffith will speak as to unemployment.

MR. E.W. GRIFFITH, Administrator of Unemployment Relief Branch of Department of Labour, Province of British Columbia, was called.

BY MR. STEWART:

Q. Mr. Griffith, you are the Administrator of the Unemployment Relief branch of the Department of Labour? A. Yes.

Q. Can you describe briefly the work being carried on by your Department?

A. "The duties of the Unemployment Relief Branch of the Department of Labour are to provide material aid to unemployed persons, or work paid for in cash to an amount equivalent to the material aid required; to carry out work schemes for the employment of single homeless men during the winter months; to carry out training projects for young men in the summer months, such as Placer Mining and Forestry Training; to supervise other youth training measures, such as vocational education and recreational training; to carry out schemes of assistance to

settlers by providing assistance for land clearing, purchase of small equipment, farm animals, etc; to establish regulations covering material assistance afforded by municipalities."

Q. Does your work involve the supervision of the relief administered by municipalities? A. Yes, it does.

Q. As I understand your memorandum, the Dominion Government does not assume any direct administrative work except auditing in connection with that work? A. That is all.

Q. Consequently, in your view, there is no overlapping as far as unemployment relief administration is concerned?

A. No, there is not.

THE CHAIRMAN: Mr. Griffith, in connection with this work, which your Department is doing, where you say " ---- work paid for in cash to an amount equivalent to the material aid required". How far is that condition of relief in this province?

MR. GRIFFITH: In unorganized territory 80% of the money expended is for work performed. In the municipalities, the smaller municipalities, about the same percentage would apply. But it is not true in the large cities, - Vancouver, North Vancouver, and they have great difficulty in providing work there. Burnaby, I believe, is about 60%, North Vancouver about 50%, and Vancouver have been working about 1400 out of 5000.

THE CHAIRMAN: Take in the unorganized district, where you have complete control, on what basis do you compensate the men for their work?

MR. GRIFFITH: We work them at the rate of forty cents an hour on an eight-hour day, to the amount of assistance that we deem they require to provide for their requirements.

THE CHAIRMAN: Is that the normal wage in the district?

MR. GRIFFITH: That is right.

THE CHAIRMAN: What inducement is there to a man to get work elsewhere if he can get forty cents an hour on relief, - on work from the Government?

MR.GRIFFITH: Well, we have one inducement in that we permit him to earn up to the amount of his food allowance by casual labour, and you do not take that into account in ascertaining his requirements.

THE CHAIRMAN: How many days a week do the unemployed work on that system?

MR.GRIFFITH: It varies,, according to the individual's responsibility. Take a family of five, the maximum they get under our scale would be \$33.00 a month, and they would work ten days roughly at \$3.20 a day.

THE CHAIRMAN: What class of work, generally speaking, would these men do?

MR.GRIFFITH: It is mostly road maintenance.

THE CHAIRMAN: Well, that is of permanent value to the province, I assume?

MR.GRIFFITH: Yes, it is value received for the money spent.

THE CHAIRMAN: Then, "To carry out work schemes for the employment of single homeless men during the winter months", what type of work is that?

MR.GRIFFITH: Principally forestry work. We are doing some public work - road work, as well, but we had 26 camps, 25 of them were forestry and one of them public works. Public works employs over 300 men.

THE CHAIRMAN: Then, in those forestry camps the young men are taught forestry work, are they?

MR.GRIFFITH: Yes; it is varied. In some cases they learn building fire lines, and others, constructing trails, building roads in some cases to make forest areas more accessible, and in some points particularly

where there are falls they construct trails for the use of tourists, - put up guard rails. It is, generally speaking, all useful work.

THE CHAIRMAN: What is the basis of compensation in those camps?

MR.GRIFFITH: Thirty cents an hour.

THE CHAIRMAN: And they pay for their board?

MR.GRIFFITH: They pay for their board at the rate of seventy-five cents a day.

THE CHAIRMAN: Are they employed continuously?

MR.GRIFFITH: For about two and a half months. We have a system whereby we take ten cents an hour off their wages for deferred pay, and as soon as they have earned enough deferred pay to keep them until the middle of May, they are discharged from camp, and their places taken by others.

THE CHAIRMAN: You had a good many camps built in 1931 or 1932?

MR.GRIFFITH: In the fall of 1931.

THE CHAIRMAN: Are those camps being used?

MR.GRIFFITH: No, they are practically all dismantled now. A year ago we used about twelve of them, but this year we are just using two.

THE CHAIRMAN: How many of those were built?

MR.GRIFFITH: Including tent camps, there were 225. There are about 11,000 men in camps.

COMMISSIONER DAFOE: Do you encounter any objection on the part of men to work out their relief?

MR.GRIFFITH: Do you mean in the winter camps?

COMMISSIONER DAFOE: No, I mean a free born citizen raising a question to that requirement?

MR.GRIFFITH: No. As a matter of fact, the majority of them welcome it. They prefer work to receiving charity.

We do run a little bit into it in the large cities.

THE CHAIRMAN: I suppose the problem in Vancouver would be to find city work.

MR.GRIFFITH: Yes. The Boulevard work and the Parks Work, that is about all they can undertake there.

THE CHAIRMAN: You cannot get some of the Vancouver people into clearing up land that needs clearing?

MR.GRIFFITH: It would be rather difficult.

COMMISSIONER MacKAY: What system of control do you exercise over the municipality?

MR.GRIFFITH: We set their regulations; we have a scale that they must not exceed. They may exceed it, but we do not contribute if they do, and we carry out periodic investigations.

COMMISSIONER MacKAY: You mean, you send an inspector around, is that the system?

MR.GRIFFITH: Yes.

COMMISSIONER MacKAY: Is he an auditor?

MR.GRIFFITH: Yes, we examine all their accounts and carry out audits. Not so much in the smaller municipalities; we have our local officers to keep a close eye on it.

COMMISSIONER MacKAY: You have an inspection as well as an audit?

MR.GRIFFITH: Yes. Take Vancouver, for instance, we have our men working right in the city relief office, and we have an auditor there too, who checks the accounts every month. In fact, he is doing that continuously.

COMMISSIONER MacKAY: What sort of control does the Dominion exercise over you? Much the same?

MR.GRIFFITH: On the straight direct relief they do not exercise direct control. Under the various agreements they do; they O.K. all the accounts. Before the vouchers are paid here by the comptroller-general, they pass through

the Federal Treasury representative and he O.K's them first. On direct relief they do not actually audit them.

THE CHAIRMAN: Have you found in your experience much difficulty with people getting on relief who are not really entitled to it?

MR.GRIFFITH: No, not very much difficulty. We keep very close check on them in organized territory. Of course, we have our own representatives scattered throughout the Province, who have to send in their reports to headquarters here, and we check them. Then the municipalities, we have a series of test checks, but we have found this, that where we are paying 80% of the cost in the municipalities, the municipalities do not make the same effort to find employment rather than allow them to go on relief; that is, to try and make the men find employment. They take them on quite readily, much more so, than if they are contributing a larger share.

THE CHAIRMAN: I suppose it is human nature, and it is universal, if you do not have to provide the money you are not so careful in spending it. That is your experience then?

MR.GRIFFITH: Yes.

THE CHAIRMAN: What about administration? Do you think, from your experience, the unemployment relief could be more efficiently and economically administered by the federal Government or as in the present form?

MR.GRIFFITH: Under the present form; those who are immediately in touch with the situation are in a much better position to lay out plans for any eventualities that they can see coming up. I mean, conditions where you are in touch with it locally, you can sense any change that is going to be made, and lay your plans accordingly. Whereas from a distance, like from Ottawa,

they would be inclined to treat all provinces on the same basis, probably on the straight direct relief dole basis.

MR.STEWART: My Lord, this brief will be exhibit 193.

EXHIBIT 193 - Memorandum relating to the work of the Department of Labour Unemployment Relief Branch, of the Province of British Columbia.

MR.STEWART: It is actually tied up with exhibit 192, but it is a distinct submission.

(Page 5485 follows)

SUBMISSION OF THE PRINCE GEORGE BOARD OF TRADE

THE CHAIRMAN: Mr. Wilson, you are presenting the brief of the Board of Trade of the City of Prince George?

MR. J. O. WILSON: Yes, my Lord.

THE CHAIRMAN: And who are associated with you in its presentation?

MR. WILSON: The Mayor of Prince George, who I would like of have speak very briefly, and General Hornby, I would like to have say a few words. They will both be very brief indeed. Your Lordship, I do not intend to read this brief. I might say I will try and be very brief in what I have to say.

THE CHAIRMAN: Yes?

MR. WILSON: My Lord, I was here at the close of Friday's Session and I was struck by something you said at that time. Senator Farris had remarked that he felt there was no sentiment in Canada in favour of the cutting down of any of the services we have, the cutting down of public expenditures, and you remarked that despite the sympathy which might be aroused in the Commission by the cases put before it by the various municipal and provincial governments, that it seemed to come back to the consideration of two alternatives: either a cutting down of expenditures or of raising more money in taxation. We are here to-day to suggest what we think is another alternative that should at least be explored, and that is the addition of population to bear the burden of taxation which we now have and a lot of which represents fixed services. That is, it represents assets we have and services we have that could look after a great many more people, such as the railways and roads and schools, which admittedly - that is not a contentious point - would look after a great deal larger population than we have.

We have noted with a great deal of interest, in our part of the country, the remarks that have been made by much more eminent people than we are in other parts of Canada. For instance, Mr. Taggart suggested the optimum of population had been reached there, and Mr. Archibald in Ottawa suggested that probably the greater part of the agricultural parts of Canada had already been settled. Living where we do it struck us that we disagreed with that viewpoint, living in the central part of the province, and it sort of induced us to come here, in the hope that we would be of some genuine help to this Commission.

THE CHAIRMAN: Of course Mr. Taggart's opinion was limited to the province of Saskatchewan.

MR. WILSON: Yes, I understood that, my Lord. It is perhaps a little presumptuous for a small-town Board of Trade to come down here and try to deal with such a large subject as immigration. We realize we are not able to put it before you the way it would be done, and we have tried not to be too ambitious. We have been trying to confine ourselves to something we know something about, and that is our own district. In talking to you I may sound like a real estate agent when I speak of the conditions in our part of the country, but I can assure you I am not trying to induce the members of the Commission to move up to Prince George. But I think it is necessary to give them something else to work on before I try to build my premise for the later argument. We would be glad to have the members of the Commission move into Prince George.

THE CHAIRMAN: How do you reach Prince George?

MR. WILSON: I can take your Lordship up there in an aeroplane on Saturday if you care to go,

THE CHAIRMAN: But in the absence of air service?

MR. WILSON: It is on the Canadian National Railways.

That was the next thing I was going to deal with, my Lord. We describe it as Central British Columbia and we are speaking for all the Boards of Trade of Central British Columbia in the district between Jasper and Prince Rupert on the Canadian National Railway, and it was hoped at one time that the P. G. E. would reach us, but we have not made that yet, but we have not given up hope.

THE CHAIRMAN: Hope springs eternal.

MR. WILSON: This district of Central British Columbia - I am trying to make a typical case of a frontier community in a very sparsely settled part of Canada - Central British Columbia is, I should think, one of the most sparsely settled parts of the Dominion. There are 700 miles of railway from Jasper to Prince Rupert and I am informed by the engineer up there that it cost the Dominion Government approximately \$100,000,000 to build it in the first place. There are between 25,000 and 30,000 people in that entire district. In addition to the investment that the people of Canada have in the district the provincial government has a tremendous investment in roads and schools and bridges and other facilities that have been constructed through there, all of which are adequate for a very much greater population. At the present those investments of the Dominion government and provincial government are losing ventures. That is, we have a lot of money in there and the governments are not getting a return, and that is a pretty frank statement for a secretary of a Board of Trade to make, Mr. Chairman, but that is the fact. That is, there are not enough people in the area to make a return in taxation commensurate with the services we are receiving.

A consideration of that position from a realistic viewpoint would lead one to think this: "Well, we are

Pouring money into this country every year, more than we are getting out of it, let us find out if it is any good. If it is no good let us start in and consider whether we had not better abandon it" - I mean from the practical viewpoint. It is a cold-blooded way to look at it and I don't think it is likely to happen but it is a sensible way to look at it. On the other hand if you decide it is any good, then you ought to consider what you are going to do. That is the alternative we suggest. We do not suggest the country is no good, we think it is a splendid country. We don't come here with the very big and spacious claims that were made possibly a few years ago about the tremendous West, but we have collected certain facts as to the actual land we have for settlement, which the Mayor will present to you. It is like a great many other parts of Canada, there is a great deal of rocky land that will never be settled there but we have in contact with Prince George and Quesnel, with the exception of the lower Fraser Valley, the largest unit of agricultural land in British Columbia.

THE CHAIRMAN: What is the character of the agriculture around Prince George?

MR. WILSON: They grow grains, hay and vegetables. There is no fruit. It is all soft wheat.

THE CHAIRMAN: They grow wheat?

MR. WILSON: Yes, but I would/^{not} say, my Lord, that it would ever be a wheat exporting country at all. The wheat is soft, it is not like the wheat they grow on the prairies. It would be feed wheat. But it is a diversified farming country.

THE CHAIRMAN: How about grazing?

MR. WILSON: I would say pasture rather than grazing, my Lord. I mean there would never be, in the particular part where I am speaking of, the large ranges there are south

of where we are, down around Quesnel and Williams Lake, but up around where we are the ground would be too heavily forested for grazing. In fact it is the heavy forest that has produced the problem up there and has restrained the settlement of the country. When I get up and make these general statements that the country is a fine country, it might be very reasonable to say, "If it is a fine country, why are not the people in it". Well that was the exact condition I want to come to. It is very new, the railway was only built about 1915. There was no one in there before the war, no settlement. Of course, there was no settlement during the war. Now, we got some benefit but not a great deal out of the post-war immigration wave because at that time there was still a great deal of land available on the prairies, open land, where the settler could go and put in a crop. That is a much more attractive proposition to the settler. Our country, I think, is more productive when it is cleared, but it is a much more difficult proposition to go in there and clear it. But my argument goes further than saying the country has been slow to settle because of competition from other parts of Canada. My argument is, there will not be any more settlement on any real scale, not only in Canada but in any other part of the Empire, that is not financed and planned and supervised to a very great extent.

To begin with, I think that most of the land that is still available for settlement in Canada, not only in Central British Columbia but even on the prairies, requires clearing, a heavy capital investment before the farmer can make anything out of it. It is different from the old days.

THE CHAIRMAN: That is the way the pioneer settlements were made in Ontario and Quebec. They had to clear the forest.

MR. WILSON: That is the very next condition I was going to deal with. My father has told me the same thing very frequently. He came from an Ontario farm. I think it would be a glorious thing if we could go on doing that but I am afraid the conditions in the world have changed so much that people will not do it. Our forefathers certainly conquered Canada when they were settling it, but I do not think it is insulting or casting any reflection on them to say that that was the only alternative people then knew. That is, they were born to the farm life and it was the only career that many of them contemplated. They were fitted to it by training and they really had not very much chance. There was not any industry to speak of. They certainly could not sit around and get relief the way they can now.

THE CHAIRMAN: They did not have unemployment relief then, either.

MR. WILSON: No, that is what I say, my Lord. Much as we may admire them, we must realize they did not have the alternatives that people have nowadays. They had to get out and hustle. Now, I do not think that is true to-day. It may be deplorable but I think it is the fact that has to be faced. But in order to obtain immigrants from Great Britain or any other British country or any other part of Canada, as far as that goes, to get people on the land, it is necessary to help them. For fear the suspicion is left in your mind that I am here with some scheme for the British Columbia government to spend a lot of money to settle these lands, this scheme does not involve that but we suggest an investment be made by the British Government, not by the government of British Columbia or by the Dominion of Canada.

THE CHAIRMAN: That is certainly a change. We have another source of supply for necessary social services.

MR. WILSON: Quite, Mr. Chairman. That proposition I am going to ask General Hornby to explain at some length. It is not as much out of the way as you think. General Hornby can give you a much more effective picture than I can, but I can put it this way, that in the last ten years the British Parliament have set aside \$150,000,000, an annual appropriation of £3,000,000 a year, and only a very small proportion of it has been used at all, but they were interested and are still interested in trying to settle people in the Dominions and the fact there has not been any settlement has not been due to any lack of effort on their part, but rather they have to wait until some invitation is received from the Dominions. They cannot just ignore them and send their people over here without being asked to from Ottawa.

COMMISSIONER DAFOE: That vote is not still in effect, it has lapsed?

MR. WILSON: No, that is an annual vote. I do not think I said it was still there. It was voted every year and it lapsed when it was not used. As a matter of fact when they found it was not used they only voted \$7,500,000 a year. It is still not being used, as far as I know, because the Dominion of Canada does not seem to be the only country that is afraid to go into immigration. I had hoped to be able to offer some general evidence here. The chief objection to immigration these days seems to emanate from people who are interested in the labour problem and they think immigration will increase the labour problem, that is, increase unemployment, that the immigrant is going to be thrown on the labour market. I had hoped to have a gentleman here who is something of an authority on this and hoped to prove that is contrary to the fact, because immigration increases employment. Unfortunately, he is not able to be here.

Now, Mr. Chairman, it seems to me that in order to prove any sort of case to you I should try and convince you of three points. First, that we have large areas capable of settlement and which will afford a living to settlers. I am going to ask the Mayor to submit what data we have on that and he will speak on that point. The second point, that such settlement will be to the general advantage of Canada. That is a pretty large proposition for our Board of Trade to tackle and the gentleman we had expected to deal with it and who volunteered to do it, as a matter of fact, Mr. Brown, he is, I believe, president of the Canadian Manufacturers Association, he said he would come over here but 'phoned over the other day or sent word that he is appearing in Toronto or Ottawa before the Commission and he will make very much the same argument there that he would have made here. So we have not the advantage of his presence.

THE CHAIRMAN: I should not think it is necessary. If you have lands suitable for settlement and there are reasonable facilities and it is a practical proposition, I should not think you need to demonstrate that it is for the general advantage of Canada. It is obvious, I should think, that it is for the advantage of Canada that land which is suitable for settlement should be settled.

MR. WILSON: Of course that is my opinion, Mr. Chairman, but I have referred to the fact that there is a different opinion, there is an active opposition to immigration in Canada, an active opposition by people who say that it will create and has created unemployment.

In regard to our district again, the Mayor will also give a few figures to show there is a large local market. That is, we have there at present an unbalanced economy. It is really a lumber producing district at present, that is

the chief industry, and there is the fisheries industry at Prince Rupert, but the economy is unbalanced. In spite of the fact we have this productive area, we are importing foodstuffs, when I say importing, we are bringing them in from other parts of Canada.

THE CHAIRMAN: How far are you from Prince Rupert?

MR. WILSON: We are 500 miles, and 500 miles from Vancouver and 500 miles from Edmonton.

In connection with the markets, I should add, I do not know whether this is very relevant, but I think perhaps it is, that the district is a very rich timber district. It contains some thirty-three billion feet of timber. It is the largest timber store-house in the interior of British Columbia. I mention that because the lumber will continue, because the timber industry has far more timber there, they are not even cutting the annual growth at present. It will go on for a great many years.

Now, Mr. Chairman, before calling on Mr. Patterson, the Mayor, I would like to mention our suggestion as to what should be done about this. It is briefly a suggestion which was made by our Premier of British Columbia, Mr. Pattullo, who some years ago suggested or wrote a letter stating that in his opinion some sort of conference should be called to go into the whole immigration problem and the needs of the various provinces considered and co-related. We say that is a very sensible method of procedure and might possibly result in the constitution of some permanent immigration council on which there would be representatives of the different provinces, because the provincial opinion in these matters must be considered. The Dominion naturally must retain basic control of immigration, that is a sine qua non of any state, but for instance British Columbia has a small population and a low birth rate and requires immigrants. Possibly Quebec

with a large population and a high birth rate does not require immigrants. It seems to me there should be a larger measure of co-ordination and co-operation between the provinces and the Dominion on immigration problems and that the whole problem should be gone into very carefully. We have statements made by responsible men of the country that the country is settled, here we are with these enormous expanses of railroads and these facilities, and we have this statement made that the country will not hold any more people. Surely that is a matter that is worthy of most careful and immediate attention, because if that is the fact it certainly would fundamentally affect the deliberations of this body.

THE CHAIRMAN: There is no doubt that it is a very important problem affecting the whole economy particularly of Western Canada and perhaps affecting the economy of the whole of Canada, whether the Western provinces are to contain their present population for the next twenty years or whether that population is to be materially increased. That touches the railway problem and it touches the finances of the provinces and of the Dominion.

MR. WILSON: Yes, indeed it is fundamental to the whole work that you gentlemen are doing, because if your report were based on the premise that no more population can reasonably be expected, it would, I submit, probably have to be different than it would be if it were based on the premise that we can have more population.

THE CHAIRMAN: You do not have to argue that.

MR. WILSON: No, I am not going to presume to instruct you, my Lord. But our suggestion is that this Council should be instituted or started and see what we have in the way of land suitable for settlement, and if our claims are not valid then let it go, but if we find we can develop

something then go ahead and do it.

THE CHAIRMAN: Does the British Columbia government know the situation in your district?

MR. WILSON: The British Columbia government knows the situation, I think, but the British Columbia government cannot initiate the settlement of the land.

THE CHAIRMAN: No, but I am speaking of the areas of good arable land, the fertility of the soil and so on?

MR. WILSON: Yes, we have a map which the Surveyor-General prepared for us, giving the acreage of arable land up there, and which the Mayor is going to file with you. That is about the only information we have to submit to you. There is a great deal of the land in that country not surveyed at all, my Lord.

In closing, I would just like to remind the Commission that the Prime Minister of Nova Scotia and the government of Saskatchewan are both committed to the idea of a resumption of settlement and immigration, as well as Mr. Pattullo who expressed himself as being in favour of it in a letter. Would your Lordship hear Mr. Patterson now?

THE CHAIRMAN: Yes, Mr. Patterson, Mayor of Prince George.

MR. A. M. PATTERSON: (Mayor of Prince George)
My Lord and Gentlemen of the Commission:

I might say in starting that the City Council of Prince George were so favourably impressed by the efforts of the Board of Trade in regard to British immigration and land settlement that they resolved to send me here to officially represent the City of Prince George and to add whatever our weight might be worth in the presentation of this case.

THE CHAIRMAN: What is the population of Prince George?

MR. PATTERSON: I believe the official is 2,550.

THE CHAIRMAN: And are they mainly supported by the

lumbering industry?

MR. PATTERSON: Well, it is a passenger and freight divisional point on the Grand Trunk Pacific Railway between Edmonton and Prince Rupert.

I do not want to take up any more time than I can help and with your permission I will just endeavour to possibly give the reasons why the City of Prince George is in favour of the proposal we are making.

It has long been our considered opinion that no particular administration and financial difficulties would have existed in our municipality had the land adjacent to the City along the Canadian National or what we usually term the Grand Trunk Pacific Railway, been settled under proper planning.

I might say the town site was first owned by the railway company and the provincial government and consequently, as I guess we all know, people had to pay good prices for the property.

I also think it is fair to assume that the railway company or the financiers who built the Grand Trunk Pacific must have considered the resources of the area between the Alberta boundary and Prince Rupert warranted the building of a railway or the money would not have been available. They no doubt anticipated that in the centre of this 700 miles Prince George would be a large and important city, supported by the varied resources of the district, particularly the timber and the land.

We were incorporated in 1915 and of course we realize that the delay in any policy of that kind was for a time due to the Great War, but we are all firmly of the opinion that had there not been a slackening off in proper planning of land settlement in the period since the war that that district could be supporting to-day a large contented population

and consequently our citizens would not have suffered the great loss of property, and business men as well as property owners have suffered, and the city would not be saddled with the ownership of nearly half the property within the city limits, as they are at the present time. The actual facts are that the city owns $45\frac{1}{2}$ per cent., that the provincial government owns practically 18, or 17.9 per cent., and the two together own 64.45 per cent. of all the land within the city limits, from which we cannot derive any revenue.

We, of course, embarked upon improvements, maybe not as extravagantly as many other municipalities did, but owing to the failure of property owners to retain the property it made it very difficult for us.

THE CHAIRMAN: What about the land available for settlement?

MR. PATTERSON: I am just coming to that. I thought I would just jot this down and I would take up less of your time.

As I say, we think had the country surrounding the City been properly settled no serious difficulty would have existed.

There is plenty of land available for agricultural settlement in Central British Columbia. The soil is very fertile and the precipitation is ample to raise good crops of grain, hay and vegetables of which our crop records will give ample proof.

In expressing our opinion - it makes me smile because you made a reference very close to it a little while ago, my Lord - I do not speak without some knowledge of the subject. During my early years, up to 25, I lived and worked on my father's farm in Bruce County, Ontario, and consequently have learned something about it and during the last 25 years I have been in Prince George in very close contact, naturally,

with the farmers in the surrounding countryside and with the local agricultural problems.

THE CHAIRMAN: There are a lot of good Bruce County men in Western Canada.

MR. PATTERSON: Well, I guess they are not all there.

THE CHAIRMAN: No, there are still some good ones at home.

MR. PATTERSON: And so I think that this experience of farmers and farming enables me to say emphatically that there is no place in Canada where a properly equipped farmer, with moderate capital, can make a better living than he can to-day in Central British Columbia. I think if you will check it you will find that our soil and climate are very much the same as in Bruce County, which I think you gentlemen will admit is as good farming land as there is in Eastern Canada.

I have a file here which I would like to leave. It is prepared from figures supplied by the Department of Lands of the province of British Columbia and there is a map also showing the area, giving some idea of the amount of arable land available for settlement in Central British Columbia. These figures are necessarily incomplete since they cover only surveyed lands, and only a small fraction of the district is surveyed. We have no information on record as to the suitability for farming of unsurveyed lands, but anyone who lives in that country knows that the area covered by the figures that I will have available for you is a very small part of the available land.

I also have a memorandum prepared by the Department of Colonization of the Canadian National Railways listing 1,415 unoccupied quarter sections close to transportation and ready for immediate settlement. This again is a very small proportion of the land which will eventually be settled

we hope, but it does go to prove that without any further surveys, without any more road building or other public expenditure, there is a substantial area of good agricultural land ready for immediate settlement. We are trying to get a plan that we do not have to go to the government for more money, my Lord.

I also have a file that I would like to leave on record compiled by the Dominion Weather Recording Office at Prince George of precipitation and sunshine during the growing season for the past five years which proves absolutely that there is no drought problem in that part of the country.

THE CHAIRMAN: What is your average rainfall? Do not stop, I thought perhaps you had it at your finger tips.

MR. WILSON: About 21 inches.

MR. PATTERSON: I will leave the record which is fixed up very comprehensively by the man who keeps it.

We claim that we have a good market for agricultural products. I do not propose to try to give the Commission detailed information on world markets and world marketing conditions for agricultural products; but I would like to point out, as shown by recently published figures, Canada now consumes most of its own farm products except wheat. Further, in one line, hogs, which we can produce in Central British Columbia I believe, Canada is not shipping to the United Kingdom sufficient to cover the quota allowed. British Columbia as a whole is a heavy importer of grain, meat and dairy products, all of which can be produced in this district.

The local market is the population of Prince Rupert, Prince George and the smaller towns and the industrial population in the lumber and mining camps. It can be said generally that our economy, like that of some other parts of

Canada is unbalanced. We have more urban and industrial consumers than our farming population can supply. We think there is no need for this condition because we have the property, the land there, to raise what we need.

I also have a memorandum supplied to me by the Canadian National Railways showing the importation into Central British Columbia of food products which could be raised locally. I have made a careful analysis of these figures and I think I am perfectly safe in saying that the production of the products listed would maintain 1,000 farmers each on a fully developed farm of 100 acres. These figures of course do not by any means cover all shipments of food products into Central British Columbia because considerable quantities are brought in by boat to Prince Rupert and by trucks over the Cariboo Highway, nor do they cover the importations which go into the mining country south of Prince George, Quesnel, which is also a heavy consumer of food products.

THE CHAIRMAN: Of course, Mr. Patterson, you will appreciate we are not concerned with the details.

MR. PATTERSON: Well, I am filing all that.

THE CHAIRMAN: The only point that is of interest and importance, so far as we are concerned, is: is there a substantial tract of land in Central British Columbia suitable for settlement, which may be the home of a substantial and prosperous agricultural population? That fact we are interested in, if it be a fact. Beyond that we are not interested in the details. You do not have to prove or demonstrate the different points in detail.

MR. PATTERSON: I possibly am stretching this a little bit but I was endeavouring to prove that the land, according to my own opinion and experience, is suitable for mixed farming and that we have a market right at home for a far

greater number of people than are farming in that district at the present moment.

THE CHAIRMAN: Have you had the soil tested by experts in the British Columbia Agricultural department, as to its qualities?

MR. PATTERSON: I imagine many times. I could give you an instance. For instance, clover seed. We have clean weed-free land. I have been going into the question of alsac clover seed, which as you probably know has pretty nearly a world market, because the cost of freight is small as compared to the value of the article. Now, we have one district there in which I got the figures from the Department of Agriculture before I left, and the estimation is that the entire area under cultivation for all crops is not over 1,500 acres, still they had produced last year 100 tons of clover seed. Now, according to the general estimate of the district, after cleaning and paying freight, the farmer had a net return of \$40 an acre minimum up to as high as \$60 an acre for some of the better crops. That is for one year, you quite understand.

THE CHAIRMAN: You are not certifying that will be the result every year?

MR. PATTERSON: Well, the Winter conditions are similar to what they are in Ontario, probably a little more severe at the present time and clover seed is something that must live through the Winter, nobody knows what it will be a month from now even for this year.

THE CHAIRMAN: Is your climate similar to Bruce County Ontario.

MR. PATTERSON: It is very similar except in the Winter time. We do get a heavier frost, that is, it goes further below zero. It goes far enough there.

THE CHAIRMAN: How far does your temperature go below zero?

MR. PATTERSON: This Winter we had once when it went below 30 but we have Winters, the old timers tell us, that doubled that, but not in my time and I am twenty-five years there this next spring.

THE CHAIRMAN: You nearly get into the Manitoba or Saskatchewan class then?

MR. PATTERSON: But not as bad, my Lord. It is just short spells. We never have the continued long spells that the prairies have. In fact I claim that to-day is colder than all March has been up in that country. It is the dampness, I guess.

THE CHAIRMAN: I met a man to-day who told me he had been colder here than he had been all Winter on the prairies.

MR. PATTERSON: And possibly he had. But what we are trying to make out is, I am not trying to hold these specialized crops up, it is a mixed farming proposition for stock and grain, something like Eastern Canada, that is very similar except that this severe frost in the Winter time, I think, is too much for the fruit trees and they are able to raise enough for themselves at least.

We are very much in favour of this plan because we feel, as Mr. Wilson said to-day, you cannot get men to go in and tackle that tough stuff like they used to tell me about and many other fellows. Consequently we favour some plan similar to the one that has been indicated, where they are going to be financed and this immigration is going to be carefully made by experts before the people are turned loose in the country, so they will be a benefit instead of a liability, then we feel that our country alone could supply a very great number of them and no doubt there are many other parts of the country that also could take care of them. That would give an impetus to our own trade during the development of it and by the time they

could take care of themselves there would be ample markets for what they could produce.

We also claim that that settlement would enable us to have a typical small Canadian city, where the social affairs would be carried on and where commodities that are generally found in a medium sized city could be found, and the country being developed and producing would do more to maintain a small city of that kind than possibly knocking on the door of the government offices here or at Ottawa either.

THE CHAIRMAN: Thank you, Mr. Patterson, for a very interesting submission. I hope you will be elected Mayor for another year.

(Page 5505 follows)

THE CHAIRMAN: Who is next, General Hornby?

MR. WILSON: My Lord, I would like to say, you were asking about agricultural figures showing the arable land. These figures show that there are 860,000 acres in that particular area.

THE CHAIRMAN: Thank you, Mr. Wilson. Now, can you outline this question briefly to us, General Hornby?

GENERAL HORNBY, Representative of the Prince George Board of Trade, was called;

GENERAL HORNBY: Mr. Chairman and gentlemen of the Commission; I was asked by the Counsel of the Board of Trade for Prince George to outline four points in connection with the question of financing of settlement from the British Isles. I was also asked to tell you what the sentiment is in the British Isles and the likelihood of obtaining immigrants from there. The major point in any definite plan of settlement, is, of course, the financing of it. In connection with this matter, there is also the question of the availability of land, and if your Lordship will permit, I will deal with the different questions in that order.

First, as to the financing of a settlement scheme. The foundation of this is what is called the Empire Settlement Act. This Act was passed in 1922 and was in force for a term of fifteen years. It expired last year, but was subsequently renewed. Under that Act, about £3,000,000 or approximately \$15,000,000.00, was allotted. This sum was for the use of migrants from the British Isles and the sum was never spent. In the fifteen years, during which the act was in force approximately £9,000,000 was spent out of a possible £45,000,000. This amount was spent

out of a possible \$185,000,000, which might have been spent and was never spent. I need not go into the causes of this, as they are in dispute. In the Old Country, it is said that it was owing to the lack of response from the Dominions, particularly the lack of response from Canada. On the other hand, the people in the Dominion of Canada put forward other reasons. At all events, the Act which expired last year has been renewed and the amount has been cut down to £1,500,000 a year. The reason the amount was cut down was the government could not ask parliament for more money than it could reasonably expect to spend on overseas settlement. The government could not anticipate spending more than half the amount allotted in the first instance, because it had been proven that there was no demand for the allotment. During the passage of this Act through the house, the Secretary for the Dominions stated both in the secondary readings and in the committee stage, that if more money was required the government would ask parliament at once for the necessary money. The Secretary stated that if any plan of settlement was forthcoming for which more money was required the government would at once ask parliament for the necessary funds. I have drawn attention to that, because I think there is no doubt that if we could put forward, from this country, a satisfactory plan of settlement, the money would be available.

It is very difficult to speak about the question of financial aid except in relation to a definite plan of settlement. Finances are a very intangible factor. There is a difficulty in dealing with this question of finances because no definite plan of settlement has been put forward

by the government of Canada. The Secretary at Westminster takes the position that he cannot discuss any plan with a private organization or private person, he can only deal with the federal government of Canada. However, no plan has been put forward by the federal government. Therefore, in what I am going to say now, I can only give certain general data.

Under the old Empire Settlement Act, an agreement was entered into between the federal government of Canada, and the government of the United Kingdom. It seems to me that we could secure another agreement using the same basis or foundation. It would not be exactly the same, however. There were two principles in that agreement, and the first was that the settlers themselves were given nothing free. I think that should be a fundamental principle in all settlement schemes. I am a farmer myself, and I should object very much to any agricultural scheme which was subsidized in order to enable the new people to produce at a cheaper than I, as a farmer, could produce. I think, we must rule out any such form of assistance to the settlers. This was the first principle, I think, which appeared in that agreement. The second principle was this, that the United Kingdom gave what it could, the financial aid or cash, but it was not given free. The United Kingdom provided the cash and Canada was asked to provide not cash, but land. Canada was not asked to provide this free, it was to be paid for by the settler, just as the cash was to be returned to the government of the United Kingdom. The point I want to make is this, that each country was to provide what it could. If it were possible to bring about a new agreement with the old country, embodying

those two principles which I have mentioned, I think it would work to the advantage of Canada as well as the Old Country. We should be getting in new money, but of course, we should have to give something in return for it. We should be giving, goods and services. There are some people--while I am speaking about this, who speak about this money as being a gift to Canada. It would be no more a free gift to Canada than the returns from our exported wheat. When we sell wheat, it represents material and services. I have been told sometimes at Ottawa, that the federal government of Canada would feel some diffidence in approaching the government of the United Kingdom with a plan in which the federal government would not be putting up any cash. It seems to me, that it would be exactly the same things as selling our wheat or our lumber, or anything else which Canada produces. Further than that, we have consummated an agreement once on this basis. When I speak of the 3,000 family settlement scheme, I am only referring to the financial agreement with respect to it. The remaining principles of the scheme, were not very good in many respects. and I do not think that either party to the agreement would wish to repeat them. I believe it was, more or less of an experiment. I just make that observation in case a wrong impression should go forth, that I was advocating another such scheme.

THE CHAIRMAN: General Hornby, have you been over this land around Prince George?

GENERAL HORNBY: No sir, I have not been over the land, around Prince George. I have only been up to Prince George twice, and both times were during the winter.

THE CHAIRMAN: You do not know how much it would cost to clear the land, do you?

GENERAL HORNBY: No, it would have to be examined for that, but I can say this, there would be quite a revenue from the lumber when the land was cleared. I have talked with men in the lumber industry around that district and I am assured of that.

THE CHAIRMAN: What I was wondering was this--land which is heavily timbered costs so much to clear, that unless you can get a large revenue from the timber, a new settler can hardly afford to pay the cost of removing the timber.

GENERAL HORNBY: I know that clearing the land there would be nothing like clearing the land down here, that is to say, in the patches which are open for settlement at the present time. I will admit that I have not very much data on that section of the country. However, I think it is the type of country which the people from the Old Country would like. The climate, so far as I know it, is very much like the climate of the Old Country. The winter is slightly more severe, colder and drier. However, it is suitable for the mixed type of farming to which the people of the Old Country are accustomed. It is subsistence farming, and it would enable the people to get their livelihood for a short time. I do not think I have any thing further to say under the heading of finance.

The next heading we come to is the question of the sentiment in the Old Country in regard to this policy. I have been over to the United Kingdom three times, recently. I was over once in 1933, 1935, and 1937. When I went over in 1937, I had not been in contact with migration for some time. I was very well received by the Dominion's Secretary and the Undersecretary. I certainly came away with a very strong feeling that we should be able to arrive at some satisfactory settlement scheme.

THE CHAIRMAN: I should think, General Hornby, that there would be no doubt about the feeling of the British government or the British people on this matter, or else parliament would not have voted these sums of money.

GENERAL HORNBY: Yes, that is so, my Lord.

THE CHAIRMAN: Do you think we could get the right type of people to come out here?

GENERAL HORNBY: Yes, I think, there is no doubt about it. I know the Old Country well, as I spent the whole of my early life there. After I retired from the Army, I went back there. I know the counties of Lincolnshire, Yorkshire, Shropshire, and Sussex very well. It is from these counties that we would be getting the most of our settlers. I feel sure that there would be a large response to any sound scheme of settlement. The contacts which I made over there last year and in 1935, assured me of that. One's information is not of very much value on that matter at the present time, because we have no data on the economics of a definite plan. However, if anyone says that we should not get people now, they are talking about something of which they have no knowledge. Of course, I can only speak of my personal experience, and my personal experience is that we should get a very large response. The settlement scheme, of course, would have to be a satisfactory one, because the people expect more, to-day.

In 1935, we held at Newcastle-on-Tyne rather an important conference and a committee of that conference was deputed to meet with the Dominions' Secretary. At that time, the Dominions' Secretary was the Rt. Hon. James Thomas. He said, I would like to read you what he said,

it is only three or four lines, but it gives a very good idea of the feeling over there. The Rt. Hon. Mr. Thomas said:

"The spirit of adventure is not entirely lost in this country. There is a lot of talk about people being too spoonfed, that people will not take risks, but I want to tell you that for the past five years there has been over 50,000 people ready and willing to take their chance, if they were given the chance."

This shows conclusively that the spirit is there. Just about the same time the Lord Mayor of Newcastle-on-Tyne, that is the area from which we would expect to get a large number of newcomers to this country made a speech in which he said practically the same thing. Quite recently Sir Henry Croft--

THE CHAIRMAN: He is a great advocate of Empire settlement, is he not?

GENERAL HORNBY: Sir Henry Croft used these words in writing in the Leeds Mercury about two months ago. He said:

"There are to my knowledge, thousands of men and women, who, if they were given a chance to live an adventurous life over the years, and build homes which would eventually become their own, would take that chance."

THE CHAIRMAN: I think you have shown fairly well that, not only is the British government willing to help, but that there are residents in the United Kingdom willing to come out and be settlers.

GENERAL HORNBY: There is just one point which I would like to make. People talk about the social services

in the Old Country. It is said that people would never give them up. What are they, really? At the moment, these services consist of the dole, if one is unemployed, a free doctor, and old age pensions, nothing more than that. I am satisfied that ambition is still prevalent in the Old Country. These young people, such people as we would expect to get out here, would never give a second thought to those things.

Now, sir, I would like to say something further on the question of finances. We held last year, in London, a very important conference at the Guild Hall. I went over there in June, and my associates and I were very disappointed when we found that the Imperial Conference which was being held at the same time was not going to deal with this question of Empire migration. We believed we should not let the matter drop, so we arranged for a conference to be held at the Guild Hall. This conference was held on the eleventh, twelfth, and thirteenth of October. The speakers were some of the most influential and prominent men in parliament. This conference passed certain resolutions and those resolutions were taken, after I had left England, by a committee which was organized at the Conference to the Prime Minister. The Prime Minister, was the Rt. Hon. Neville Chamberlain and he received them very graciously. He said he could not give them a definite reply but said that he would see the deputation again. In discussing the matter with them, he also stated according to the Times report, that the question was a very important one and he felt a new effort ought to be made now, to discover whether in conjunction with the Dominions, something could not be done; In addition to what I have

already said, there is a statement by the Prime Minister saying that he thinks something ought to be done. This makes out a very strong case.

THE CHAIRMAN: I have no doubt, General Hornby, that they are perfectly willing to cooperate in any feasible scheme, and to assist, as you say they are.

GENERAL HORNBY: Yes, but there does seem to be an impasse.

THE CHAIRMAN: The impasse, I suppose, is here. Unless you have a substantial area at Prince George, there does not seem to be any large area, at the time, in which people are particularly anxious to settle.

GENERAL HORNBY: Might I say something on that point; I have had some experience, of course, in dealing with the question of the availability of land. In considering a settlement plan, one has to consider what the policy of Canada is going to be in that regard. Is it going to be a policy of sending people into the back and beyond, or is it a policy which would thicken the settlements in the already settled districts. This latter policy would provide additional traffic for the railways and would permit the people to have good markets at their doors, enabling them to sell their produce. I have no hesitation, myself, in saying that I think the latter is the better policy for Canada.

THE CHAIRMAN: Yes, I think so.

GENERAL HORNBY: Now, if that is the case, it does mean the purchase of some land will be necessary. There are no areas, with the exception of this one area in British Columbia around Prince George which are served by railways, roads, and so forth, in which there are still free lands. However, I do not think that should be any

detrarrant to us in going ahead with some satisfactory settlement plan. The process of taking up raw land, of clearing it, and putting it under cultivation, of waiting for markets and transportation always involves far more actual expenditure than it does to buy a farm in a settled district. If you do the latter, you can start production right away. Therefore, I say we must contemplate some purchases of land. The money will, no doubt, be available for it as an investment; I have no doubt about that.

I might possibly refer here to some remarks which were made in Saskatchewan. It was said there, that Saskatchewan had the maximum population which the province could handle. In making those remarks, there was no reference made to a particular settlement scheme. The Hon. Mr. Taggart, who made those remarks, has said since then that he looks for a considerable thickening of the population in the north. He made this remark in an address in Winnipeg within the past few days. We know, as we have always known, that the southern portion of Saskatchewan is not fit for farming.

THE CHAIRMAN: There is only this one particular proposition, that of Prince George, before us in this brief. We cannot go into the general question of farm settlement this afternoon.

GENERAL HORNBY: I know, my Lord, and Counsel for the Board of Trade for Prince George has invited particular attention to those three recommendations at the end of the Brief of the Board of Trade of Prince George. The first of those recommendations is that there should be a conference between the government, the railways and the provinces of Canada, as recommended by the Hon. Mr. Pattu-

llo. I recognize that this Commission could not possibly go into the question of general settlement in Canada. However, arising out of this question, I hope we shall be able to have a conference in Canada of those people. I feel that if we do have a general conference, we will evolve a good settlement scheme, otherwise there will be no decision at all. I do not think there is anything else I can tell you on this subject.

THE CHAIRMAN: Thank you very much, General Hornby, for your interesting presentation.

MR. WILSON: My Lord, I would like to file a few documents.

THE CHAIRMAN: First, the brief of the Prince George Board of Trade will be exhibit number 194.

EXHIBIT NO. 194:	The Brief of the Prince George Board of Trade.
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THE CHAIRMAN: Now, exhibit number 195 will be the file of correspondence and facts concerning Prince George.

EXHIBIT NO. 195:	The file of corres- pondence and facts concerning Prince George.
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THE CHAIRMAN: Exhibit number 196, will be the map showing the agricultural opportunities in central British Columbia.

EXHIBIT NO. 196:	Map, showing the agricultural op- portunities in central British Columbia.
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MR. STEWART: The statement of Mr. H.G. Perry, M.L.A. for Prince George, will be exhibit number 197.

EXHIBIT NO. 197:	Statement by Mr. H.G. Perry, M. for Prince George.
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MR. STEWART: The statment as to employment provided

by construction, at Duncan, Vancouver Island will be exhibit number 198.

EXHIBIT NO. 198: Statement as to employment provided by construction, at Duncan, Vancouver Is

THE CHAIRMAN: The Vancouver Real Estate Board has been very anxious to be heard; how long will your submission take?

COL. DORREL: It will take about half an hour.

THE CHAIRMAN: Would you rather have twenty minutes to-day, or half an hour to-morrow?

COL. DORREL: Twenty minutes to-day, sir.

THE CHAIRMAN: Very well, then, we will proceed with the representations of the Vancouver Real Estate Board.

COLONEL G. H. DORREL, President of the Vancouver Real Estate Exchange, was called.

COL. DORREL: Mr. Chairman, and Commissioners; the submission which I am making on behalf of the Vancouver Real Estate Exchange, is an endeavour to assist your Commission in its investigation under clause 3 B of the reference. as to the character and amount of the tax collected from the people of Canada, and to determine whether taxation as at present allocated and imposed is as equitable and as efficient as can be devised. The question of taxation as relating to real property is a very important one in Canada. There have been very full and forcible statements made by the taxation authorities, provincial and municipal, as to the revenues which they required. They also are responsible for expenditure. and , of course, should look everywhere for their sources of revenue. The taxing power has not been anything like the sum of the expenditures and the few remarks which I am privileged to make to-day are to be made on behalf of the real property tax payers. The burden

of taxation falls particularly heavy on real property owners. They have not only to pay their own proportion of taxation with regard to real property, but they have already assisted in paying a proportion of the taxation levied throughout the provinces and Canada.

THE CHAIRMAN: Such as is received from real property and taxable as part of the income of the property owner, I suppose?

COL. DORREL: Yes, that is very true. Of course, they have participated in all taxes which are raised, such as excise, customs, and sales taxes.

THE CHAIRMAN: Yes, that is quite true.

COL. DORREL: The submission which I am making is on behalf of a small corner of the province of British Columbia which includes the city of Vancouver. Here, we find practically two-fifths of the population of the whole of the province. The conditions of Vancouver, so far as financial relations are concerned, have been rather deplorable of late. Unless some change can be made in the system, I do not think it is going too far to say that default on the part of the city of Vancouver, is probably inevitable. Not only that, but the whole fabric from which a very large proportion of the revenue is being raised, will be broken.

The brief, I think, sir, is a very short one and with your permission I would read it. It is divided into a number of divisions, and I can make some explanation at the end of the different divisions.

THE CHAIRMAN: If you can do all that in twenty minutes, it is quite agreeable to the Commission.

COL. DORREL: This brief reads:

" This submission is presented on behalf of the

"Vancouver Real Estate Exchange, an Association composed of Managers and Owners of Real property, situated mainly in the city of Vancouver itself, but also to a large extent in the adjacent municipalities and throughout the province generally. Its members represent those interested in Real property in the various capacities of Investors and occupying owners, vendors and purchasers, landlords and tenants, mortgagors, and mortgagees and valuers and taxpayers, and their practical knowledge, gained from long and extensive experience, qualifies them to speak on all problems arising out of the ownership and management of real property.

This applies particularly to those intricate considerations involved in its taxation for public revenue purposes.

The three taxing authorities in the Dominion, i.e., the federal, the provincial, and the municipal governments, all draw revenue from this form of property. The federal government mainly through income tax, which is nevertheless a direct tax on investors in real property, whether the owners are resident in Canada or abroad. The provincial government, by property tax in unorganized territories, by income tax and succession duties, and also by imposing on the municipalities certain functions of government and services which appertain properly to its own body, but are now reimposed mainly on real property owners.

The municipal governments have to look to property owners almost entirely for the revenue they are required to raise.

Real property is a heavy non-liquid asset with a

"very limited market at the best. No one requiring money quickly can depend on real estate to produce it by sale. Nor can it be regarded as a form of property from which funds can readily be procured by loan or mortgage. Bitter experience has taught the large mortgage and loaning companies and other investors that only properties of restricted classes in selected areas can, under existing conditions, be accepted as security with any degree of safety.

Therefore, real property owners are faced with the problem of having to provide at fixed periods almost the whole of the revenue required to maintain and extend our cities and municipalities, and to contribute to Dominion and provincial requirements from assets which, for the time being at least, may be unproductive and unrealizable.

Bankers, in the interest of the interests of the public, are required to have a large proportion of liquid assets against call or time liabilities, and may not lend upon real property or own it, except to a very limited degree.

The unfortunate property owners are compelled to provide cash payments for practically the whole requirements of the municipalities in which they dwell, because of their ownership of unrealizable and frequently unproductive property assets, assessed, in far too many instances, at quite fictitious values.

In the cities many buildings, assessed at high figures for taxation, do not produce even sufficient revenue to pay taxes. In Vancouver such conditions exist to an alarmingly large extent.

It is submitted, therefore, that the practice of

"of raising revenue to so large an extent from real property for public purposes is a danger to our economic system, and is in close relation to the questions before the Royal Commission for investigation.

In this submission we are dealing more particularly with the calamitous effect of over taxation of lands and property in or adjacent to cities. Other submissions presented earlier have shown the disastrous conditions to which it has contributed in the agricultural provinces.

(2) UNFAIR BURDENS ON PROPERTY OWNERS

"The property owners of the city have for a long time past borne burdens which the city council has frankly admitted they can no longer continue to bear. It recognizes that the taxation levied on real property has caused widespread abandonment, and has discouraged to a large extent new construction and home ownership."

I think that was fully admitted by the brief which was presented by the city of Vancouver.

THE CHAIRMAN: Yes, that was fully dealt with.

COL. DORREL: I continue to read from the Brief:

"Owing to the city's sources of revenue being limited mainly to taxation of real property, the city council has only one way of attempting to meet the unanswerable demands made on it for public services and the burdens of expenditure, which are National or Provincial in character, imposed on it by the senior governments.

This is by attempting to extract further revenue

"from one class of its contributing citizens.

The law of increased rates of taxation and diminishing returns always operates in relation to excessive and crushing taxation. In Vancouver we find this exemplified to a dangerous extent.

It is particularly apparent in properties held for investment. Every time annual taxes are raised one dollar, capital values drop \$20, on the basis that one dollar is the annual return at 5% per annum on \$20.

The law of diminishing returns in Vancouver is proven by the facts that tax sale properties assessed at \$15,000,000 have already fallen to the city, and that approximately \$10,000,000, is outstanding in tax arrears, with the result that very few investors will now buy Vancouver real estate except for domestic occupation."

If I might sir, I would just comment on the assessment of Vancouver. In 1932, the assessment of Vancouver was \$374,000,000, and in 1938, it is, \$305,000,000. The assessment has been reduced because the sale value has fallen away rapidly from the high peak to which it had been forced in 1932. Even the present figures are too high. I will only briefly touch upon a list of 150 residential properties in Vancouver. These properties are in the most favourable residential section. The assessment on that property is \$1,550,000. and the actual price at which the property is being offered is \$920,000.

THE CHAIRMAN: Is that in the Shaughnessy district?

COL. DORREL: Yes, and I can enlarge upon that still further, by saying that 47 houses have been sold during the past few months. The actual price obtained was

\$251,000. as against \$311,000 for which the houses were assessed. Now, in the case of the asking and sale prices, the assessment is 16 per cent more than the asking and sale price. In the case of residential property the sale price which has been accepted is 20 per cent less than the assessed value. Therefore, it cannot be said that there is an unduly low assessment in the city of Vancouver. As another instance, in one case the assessed value was \$4,800. and the property was sold for \$1,100.

THE CHAIRMAN: Of course, these are large houses, and are not desired by the people to-day. It is very difficult to sell them at any price.

COL. DORREL: On the other hand, the assessment is supposed to be on the market value, and that is my point. I think, sir, as time is so short, I will omit some of the paragraphs in the brief. I will go now, to the middle of page five in the submission. I quote:

"In a submission recently made to the provincial government by the "Better Terms" committee of the city council, 12 properties, in different districts, typical of many others, were referred to specifically. They had recently been on the market and had been sold or freely advertised for sale at prices aggregating \$195,000. Their assessed value for taxation was \$426,000."

The point there is, how can you go on raising revenue on the basis of \$426,000, when you can only obtain from those properties, if you wish to sell, approximately \$195,000. The basis is altogether false. I should like to deal with the next point, that is skipping the following paragraph in the brief and reading the next paragraph.

"The public at large, most of whom are not property owners, continually call for better paved streets and bridges, better lighting, more schools, better supervision of traffic, better police and fire protection, better parks and libraries, further social services, relief and hospitalization, which can only be provided by imposing 100 per cent of every dollar of additional expenditure upon the real property owner, as, under existing conditions, only that source of revenue can be materially increased, even in theory."

The property owners compose the minority of the population, and it is the rest of the population which wants better improvements.

THE CHAIRMAN: The Mayor stressed that fact yesterday.

COL. DORREL: It is the old question of the small portion of the people paying the taxes and a large majority of them calling for the expenditure.

With reference to the statistics which appear at page six of the brief, I do not think there is very much there which has not already been placed before you. I do not think I should take time by going over the matter again. There is one very pertinent point which is dealt with at the top of page seven in the brief, and I shall continue to quote from that point.

"The city of New Westminster and the other municipalities adjacent to Vancouver, comprising what is frequently known as Greater Vancouver bring the total population for that area up to approximately 330,000. Taxation on real property in these areas is, for the most part, no less burdensome than in the city itself.

"In the city of North Vancouver, for instance, at the end of 1936, 67.20 per cent in number of the holdings, valued at 40.61 per cent of the total assessment, has reverted to the municipality for non-payment of taxes; in the district of North Vancouver 73.61 per cent in number, valued at 50.06 per cent of total assessment, and in the municipality of Burnaby 30 per cent in number, valued at 39 per cent of assessment.

In the city of Vancouver itself the assessed value of the property thus repossessed is approximately \$15,000,000, and this amount is steadily growing. The total arrears of taxes are approximately \$10,000,000. The properties in the possession of the city cease to produce tax revenue."

There is much which might be said for those figures, but they speak for themselves. They are very striking.

THE CHAIRMAN: Yes, these figures speak for themselves, Colonel Dorrel.

COL. DORREL: The city raised 80 to 85 per cent of its revenue from real estate and from all other sources, only 14 per cent was raised.

THE CHAIRMAN: The Mayor developed this point yesterday. You need not stress it, as we have it very clearly in mind.

COL. DORREL: The submission of the Vancouver Real Estate Exchange is that the proportion which real property is called upon to pay at the present time, should be reduced. This is true, also, of the proportion as between the city of Vancouver and the province as affecting real property.

THE CHAIRMAN: The mayor also developed that point very fully, as well as unemployment relief, education,

hospitalization, and health.

COL. DORREL: Then, it will not be necessary for me to touch upon that.

THE CHAIRMAN: No, we have the points very clearly in mind.

COL. DORREL: Then, there is another point which was brought out, and that is the exemption of Crown property. I quote from our brief at page 8 on this point:

"The theory that because a property stands in the name of H.M. The King, either by right of the federal or provincial governments, it should be exempt from payment for the municipal services rendered to it, is outworn. Such a theory might have been tenable when both the revenues and expenditures were dealt with, directly or indirectly, by a central government, but it has long since become inapplicable. There can be no justification for the individual property owners of Vancouver being called on to pay increased taxes in respect of their own properties because other properties are used by the federal and provincial governments for collecting revenue or performing general administrative and other services, which increase expenditures without contributing to the cost of them. In a number of cases, the purposes for which the buildings are used are in direct competition with local property owners."

In this category are waterfront properties, wharves, and so forth. Possibly, there would also be hotels. I continue to quote from our brief:

"A striking illustration of the additional burden case on property owners arises from the extensions of the Vancouver General Post Office made in recent

"years. These much needed and welcome improvements cost the Vancouver property owners approximately \$20,000 per annum through loss of taxes "

In this case, the surrounding property was taken in and, of course, did not continue to pay taxes. This meant a loss to the city of some \$20,000 a year. This is the price which the city of Vancouver and which the real property tax payers paid for the extensions to the Vancouver General Post Office. I continue to quote:

"owing to the exemption from taxation of the added areas as soon as they become Crown owned property. That loss to the city's revenue had to be made up by increased payments from other owners."

"We believe no further powers of taxation need be given to the city, but that the Dominion and provincial governments should assume those burdens which have been found by other Commissions to appertain to them, and that they should, if necessary, use their own powers of taxation, to increase their revenues. We would suggest specifically that a provincial-wide, or even Dominion-wide, sales tax be imposed as a means of taking care of such charges as relief and costs of higher education.

It is not in the interests of our country that property owners, and even mortgagees, should suffer such confiscation as is now taking place. Social services must be maintained, yet the limit of our borrowing power has been reached. At least the four large cities of Canada are living on their capital, and have been for some time past, to take care of their current obligations. Such a state of affairs can only lead to bankruptcy and repudiation."

I think, sir, the duplication of collections has already been dealt with by the brief submitted before this one, so that I do not need to deal with it now. I come now, to the Conclusions on page 10 of our brief. I quote:

"Under existing conditions the real property owners bear almost the entire burden of the cost of municipal government. It has been shown in the case of the city of Vancouver that the city authorities cannot give effective relief to the owners; and, in order to fulfil the legal obligations imposed on them by the City Charter, must even attempt to increase these burdens."

"The provincial government's reply to the city's request for restoration of grants made by it to the city up to 1932 and the assumption by it of certain social services, which, it is contended, should be borne by the provincial government and not the city, is that the financial relations between the two senior governments do not permit of any assistance at the present time.

It is submitted, therefore, that this most far reaching question as to the proper proportion of the national revenue--whether Dominion, provincial or municipal, which real property owners should be called upon to bear comes directly within the scope of the Commission's enquiry.

In conclusion we would say we have endeavoured to keep our submission within concise limits, coming as it does after the long and patient hearings given to other submissions dealing with relatively similar aspects of the enquiry. Our endeavour has been to

"supplement and enforce the statements that the burden on the real property owner is so important a factor in the problem that it should be given separate and full consideration, as affecting in a vital degree the source from which flows one of the main streams of public revenue.

Respectfully submitted on behalf of the Vancouver Real Estate Exchange."

THE CHAIRMAN: Thank you, Colonel Dorrel; this is a very important question; this burden of taxation on real estate. We find the same problem in all the principle cities of Canada. It will receive the most serious consideration of the Commission, and we thank you for your submission.

The brief of the Vancouver Real Estate Exchange will be marked as exhibit number 199.

EXHIBIT NO. 199: Brief of the Vancouver Real Estate Exchange.

MR. STEWART: There has been filed also, a brief by the Junior Board of Trade of the city of Vancouver.

THE CHAIRMAN: It will be marked as exhibit number 200.

EXHIBIT NO. 200: Brief by the Junior Board of Trade of the city of Vancouver

MR. STEWART: This brief has not been read, it is just being submitted for consideration by the Commission.

(The Commission adjourned at 4.40 p.m., Tuesday, March 22, 1938.)

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

E. B. Smith, Chairman
Vol. 1, Part 1

MAR 23 1938

REPORTERS:

George Thompson
John Robertson
David Torry



VICTORIA, BRITISH COLUMBIA, MARCH 23, 1938

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

VICTORIA, BRITISH COLUMBIA, MARCH 23, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Parliament Buildings, Victoria, British Columbia, on Wednesday, March 23, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
JOHN W. DAFOE, Esq.)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE GOVERNMENT OF BRITISH COLUMBIA:

Hon. T. D. Pattullo, K.C.	Premier
Hon. G. S. Wismer	Attorney-General
Hon. John Hart	Minister of Finance
Hon. J. W. deB. Farris	Counsel
Dr. W. A. Carrothers	Chairman of the Economic Council

FOR THE VICTORIA CHAMBER OF COMMERCE:

H. Hubbard, Esq.	President
D. Leeming, Esq.	Representative

FOR THE OGANAGAN MUNICIPAL ASSOCIATION:

O. L. Jones, Esq.	Representative
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FOR THE BRITISH COLUMBIA CHAMBER OF AGRICULTURE:

H. C. Oldfield, Esq.	Director
W. E. Haskins, Esq.	Representative

FOR THE GREATER VANCOUVER AND
NEW WESTMINSTER YOUTH COUNCIL:

John Stauton, Esq.	Representative
John Jopson, Esq.	Representative

FOR THE PROVINCIAL COUNCIL OF WOMEN:

Mrs. F. G. Ralston	Representative
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FOR THE NATIVE SONS OF CANADA:

B. A. McKelvie	Representative
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Parliament Buildings,
Victoria, B.C.,
March 23, 1938

MORNING SESSION

The Commission met at 10.30 A.M.

HON. MR. PATTULLO: Mr. Chairman, with your permission I thought perhaps this morning we would file answers to your main questionnaire. Some of it is factual. That which is factual we are not answering immediately, the staff is busy. Some of the information goes back to 1900, 1901, and 1903, and so on, particularly on the secondary questionnaire. It is down in the vaults and we have had the staff searching for it, but it is very difficult to get at, sir. It is thirty or forty years ago and apparently they did not have the indices in the shape they are in today. We are doing the best we can.

THE CHAIRMAN: Thank you.

HON. MR. PATTULLO: With your permission, I will proceed.

Question No. 1 of your questionnaire asked for certain information, particularly dealing with the various submissions made on behalf of the province of British Columbia during the past thirty-five years.

" In particular the Commission would like to have copies of the memorandum prepared in 1912 referred to at page 17 of the Provincial brief, if such copies are available."

That information is being looked up.

Question No. 2:

" In the British Columbia brief the present basis upon which the census is taken was criticized.

Should it be a quinquennial or decennial census?"

Our answer:

" British Columbia suggests that per capita grants should be adjusted for all provinces quinquennially."

My understanding is that the Prairie Provinces had some of their adjustments made every two and a half years.

Question No. 3:

" What are the views of the Government as to the basic validity of the subsidy system? Is it a sound principle of government that one unit should spend what another unit raises? What is this Government's view as to the suggestion in Manitoba that subsidies should be capitalized in reduction of the debt of the provinces which would be assumed by the Dominion?"

Answer:

" Per capita grants and other amounts paid to the provinces as so-called subsidies, are amounts given in lieu of revenues surrendered to carry out certain public services. They are not sufficient for the purposes intended and there appears to be no indication that they ever will be.

With regard to the debt structure, this is a matter of such moment and involving so many factors that it would seem impossible to arrive at any conclusions other than by deliberation and discussion between the Dominion and the provinces. There are many reasons why it might be desirable for the Dominion to contribute to a provincial function because of its national character, the province carrying out the undertaking upon a basis to be arranged."

THE CHAIRMAN: That last paragraph refers to the subsidy?

HON. MR. PATTULLO: Or to any other governmental functions. They asked the question whether it is a sound principle of government generally that one unit should spend what another unit raises. Of course in the subsidies that are given, that is given by the Dominion government,

we spend the money.

THE CHAIRMAN: Yes, I was only wishing to make it clear that it does not apply to the answer you are making as to the debt structure.

HON. MR. PATTULLO: No, not as to debt structure. You, sir, expressed a keen desire, and I can quite understand you would like some advice from this government with regard to the debt structure and so forth, but it is all so intertwined in the matter of taxation that it is almost impossible to say something definite, because we may be misunderstood. We might be willing to do something, which we might suggest we could not do, after deliberations, consultation as to what our ~~taxation~~ structure is going to be. Reference was made in the beginning of these investigations to the fact that we had asked for the retail sales tax and that the Dominion Government was willing to grant it and amend the British North America Act accordingly, but, as you know, that was thrown out by the Senate, and until we can know just exactly where we stand with regard to taxation it is almost impossible to consider the matter. One would like to be able to do so and sit around the table now and propound something that would be efficacious, but it seems almost impossible.

THE CHAIRMAN: I thought possibly your Government would have some view on that general question raised by Manitoba, whether the subsidies should be refunded, but your view is you cannot express any opinion.

HON. MR. PATTULLO: I think it is all embodied in the one larger question, namely, that of taxation affairs and debt structure.

THE CHAIRMAN: Thank you.

COMMISSIONER MACKAY: Do you make any distinction, Mr. Pattullo, between subsidies for specific things, like

old age pensions, and the general unconditional subsidies which the provinces get to help them carry on their system of government? I take it that the last paragraph you read there refers to conditional subsidies. That is to say, you think the national government has an interest in the performance of certain functions by the provinces.

MR. PATTULLO: Well, if you refer to the per capita grant and so forth, those are unconditional, but all others, like old age pensions and so on, they may set certain rules and regulations, or contributions to technical training or to venereal disease, or health, or any of those matters. Those subsidies I think should properly be given to the province and administered by the province, but on a basis or standard fixed by the Dominion Government, so they would know exactly how the money is being spent.

COMMISSIONER MACKAY: Yes.

MR. PATTULLO: Then, Question No. 4:

"What is the opinion of the Government on the subject of conditional subsidies?"

That is something similar to the other one.

" It might be advantageous for the Dominion to grant special and conditional subsidies for specific purposes," to which I have already made reference.

No. 5:

" What is the view of the Government as to debt control and debt reduction? If some method of refunding is necessary, is this province prepared to accept certain controls in order to assure investors of protection in the future? What should be done if a province or a municipality finds itself financially unable to carry on? Should there be some machinery for readjustment?"

Answer:

" It is the opinion of this Government that a general refunding scheme would be advisable. So far as controls are concerned, it is the opinion of this Government that within the measure of their own jurisdictions, there should be complete autonomy.

Some municipalities in this province have found themselves in very difficult financial stress and Commissioners have been appointed to exercise the functions of Mayor and Council. In some instances, the holders of municipal bonds in majority have agreed to accept a lower rate of interest, which has been confirmed by the Legislature."

THE CHAIRMAN: Mr. Pattullo, is it under the general provisions of your Municipal Act that these receivers or administrators are appointed for the municipalities?

HON. MR. PATTULLO: Yes, sir.

THE CHAIRMAN: And they carry on the functions of government?

HON. MR. PATTULLO: They carry on the functions of the mayor and council. We have a municipal department that understands what is going on pretty well, but at the same time, within the measure of their authority, the Commissioners can pass by-laws just the same as the mayor and council.

THE CHAIRMAN: Is there any provision other than voluntary agreement for adjustment between the municipality and its debenture holders?

HON. MR. PATTULLO: No, it is voluntary. In each case where the Legislature confirmed it more than 51 per cent of the bondholders had agreed to it. I forget how many municipalities there are. I know the city of Prince Rupert and the City of Victoria recently had some refunding.

Under the Municipal Act, Mr. Hart points out, there

was a general clause making provision that any municipality which wished to take advantage of it through getting the majority of the bondholders to agree, they can occupy the same position as either Prince Rupert or Victoria.

THE CHAIRMAN: If you get the majority of the bondholders to agree is the refunding scheme made compulsory on the minority?

HON. MR. PATTULLO: Yes, sir.

THE CHAIRMAN: That is the general provision of your Act.

HON. MR. PATTULLO: Mr. Hart says, in the case of Victoria, a question is being raised as to the validity of our action, with regard to the City of Victoria, whether what we did was not ultra vires. We of course did not think so.

THE CHAIRMAN: So that one will understand it as we proceed, what was done in the case of the City of Victoria which is now being questioned?

HON. MR. PATTULLO: I am going to ask Mr. Hart to answer that. He is following that particularly.

HON. MR. HART: Would you please repeat the question, my Lord? I did not quite catch it.

THE CHAIRMAN: The premier said the action of the Government in the case of the City of Victoria was now being questioned, as to its validity. What was the procedure adopted in reference to Victoria which is now being questioned?

HON. MR. HART: The city undertook to get 51 per cent of the holders of its bonds to agree to a lower rate of interest and when that is done under the legislation that was provided they come to the government to have that power or the agreement validated, which was done by the Government as far as was within its powers. We felt we had the authority. Now, there were sinking funds to be set up

in the hands of trustees. Three men have been appointed as trustees. One of them is a lawyer and that man thinks it is beyond the power of the Legislature to validate the agreement. As a matter of fact, I think his point is taken in view of the fact that some of the contracts were made outside of British Columbia. I think some were made in London. And he thinks that the legislature has not power to deal with contracts that were made in London. There were some issues made over there. But, as far as the city and the bondholders are concerned, it seems to be an advantage and they are operating under that at the present time. It is only as to the question of the sinking funds.

THE CHAIRMAN: Has the question been raised at all as to the power of the Legislature to enforce a compulsory reduction of interest as applied to the minority?

HON. MR. HART: It is being raised at this time, my Lord. This is the only time.

THE CHAIRMAN: This is the only case?

HON. MR. HART: This is the first time, yes.

THE CHAIRMAN: That question is being raised in Ontario too at the present time.

HON. MR. PATTULLO: Shall I proceed, sir?

THE CHAIRMAN: Yes, if you please.

HON. MR. PATTULLO: Number 6:

" What is this Government's view as to the need or advisability of a Grants Commission? If this Government is in favour of a Grants Commission would it favour the laying down of definite principles for its governance, or would it favour the Australian method of unrestricted power to investigate and report?"

Answer:

" It is not thought necessary to appoint a permanent

Commission, but rather that the position of any province should come under review as circumstances dictate."

It seems to me "if we had a Commission there you would probably have constant trouble, and once, let us hope as a result of this Commission, you get things settled for a few years, we ought to be able to carry on without setting up additional machinery.

THE CHAIRMAN: The difficulty which has been urged upon us in other provinces is that unless some machinery is set up, the process which has been going on for the last thirty or forty years will continue, one province pressing its claims and another province pressing for equality and so on. That is the argument that has been advanced before us.

HON. MR. PATTULLO: I would think this, sir, that what we had in mind is this: That we try to have now, if I may use the word, a clean-up, and try to get on a permanent basis that would last for a few years, and what is the use of getting somebody set up in the meantime when we have arrived at a certain conclusion? It would be something to look at, at a later date, four or five years hence, if any province agreed, then the case could be tried by some tribunal appointed by the Dominion Government such as your own Honourable body.

THE CHAIRMAN: Thank you.

HON. MR. PATTULLO: No. 7:

" In the contentions advanced by the British Columbia Government it is stated that 'for the past 70 years the adjustment and changes have been based on no sound governing principles.' Upon what basis is it suggested that financial adjustments should be made? Should it be on a basis of population or

Should it be on the basis of fiscal need, as suggested by certain of the other provinces?"

Answer:

"The problem raised by this question is one of the major ones for the determination of this Commission. The Fathers of Confederation failed to reach a satisfactory, sound solution, and it is suggested that before such solution can be reached, all the relevant facts from all parts of Canada need to be assembled, correlated and considered.

The Government of this Province does not believe that population or economic need is alone a sufficient basis of computation. Both are factors to be considered along with other factors, such as the incidence of the tariff, freight rates, the cost of government in relation to income, the income tax in its general incidence and with reference to exhausting resources of the province."

Question No. 8:

"What is the view of this Government as to the suggestion advanced by Nova Scotia that there should be Dominion-provincial conferences regularly convened at certain dates each year, and with a permanent secretariat for research and to prepare agenda?"

Answer:

"A conference of the Dominion and Provincial authorities once a year may be too often. There is no reason why a conference of the Dominion and the provinces should not be called as circumstances and conditions indicate."

I think the same argument as is used in the previous question would also apply here. I think that the ordinary Dominion conference, where the provinces are suddenly thrown together without having had previous consultation with the Dominion Government or without knowing how far they can come into agreement with the Dominion Government, is more or less futile. You cannot get a body of men, themselves not knowing what to accept, themselves not knowing the solution, to come in and commit themselves to something that a little later on in discussion might give them another viewpoint.

THE CHAIRMAN: That was the very reason Mr. MacDonald of Nova Scotia advanced for his proposal. He said these Dominion-provincial conferences called at uncertain dates when it might or might not suit the convenience of the members of the governments of the different provinces, without a fixed and settled agenda before hand, were, as you said, largely futile or ineffective. His view was that if there was a fixed date for a conference, when everyone knew a conference would be held at a certain time, say in October or November, sometime in the autumn, and there was a permanent Secretariat which would keep in touch with all the provinces and would settle in correspondence the agenda, so that every province would know beforehand the subjects to be discussed, that it would greatly facilitate Dominion and Interprovincial relations. I am simply trying to express in a few words the point of his argument.

HON. MR. PATTULLO: Mr. Chairman, as far as we are concerned, I do not think we need to be fixed and unalterable in our view upon this. If the other provinces prefer to have it, we have no objection. The only thing I think is that calling that meeting once a year is too often. It has not been in recent years; we have had several conferences because

of the very untoward conditions, but I am assuming now as a result of this Commission we are going to get somewhere.

Question No. 9:

"What is the view of this Government as to the possibility of economies in tax collection, not only governmental economies but economies for individuals and companies? In particular, does this Government favour centralized collection of taxes similar to the collection of the Ontario income tax? What are its views as to a uniform Companies Act; uniform Security Frauds Regulations, and uniform Company Returns?

Answer:

" A measure of economy could be effected by a joint arrangement with the Dominion and Provincial authorities with regard to Income Tax Returns. The bases of Dominion and B.C. Provincial taxation as at present are of such different character that collection by one authority would not be possible."

May I add this? It is not in the brief, but if at a subsequent date we were to arrive at some conclusion with the Dominion Government whereby we were taxing exactly on the same basis as they do, then there would be no reason in the world why one authority could not collect it, but at the present time their main source of taxation is corporations, which is ours too, but we go very much farther, we go down and take from the little fellow in the way that the Dominion does not do.

Then, on the latter part of that question:

" It is the view of this Government that provincial jurisdiction in relation to companies and security fraud regulations should be maintained. It would, however, be a decided advantage if agreement could be reached between the provinces, so that there

should be a reasonable amount of uniformity throughout Canada in relation both to legislation and regulations made thereunder."

I think that for quite a few years now, they have had meetings from time to time. Mr. Garrett who will be giving evidence will know. Mr. Garrett, the Superintendent of Insurance, I believe will appear before your Honourable body.

Question No. 10:

" Does this Government agree with the suggestion that jurisdiction over insurance should be Dominion with the exception of the requirements of insurance contracts and the licensing of agents?"

Answer:

" We believe that the respective jurisdictions of the Dominion and Province should remain as at present."

That could also be amplified by Mr. Garrett, who has the administration of it.

THE CHAIRMAN: Could you tell us what the respective jurisdictions are at present? The practical difficulty which has been raised before us elsewhere is that while the Dominion has enacted an Insurance Act and has continued to operate under it, and claims that the Act is within its power, yet three Dominion Insurance Acts have in the past been challenged and held to be ultra vires. Owing, I presume, to the fact that it is in the public interest that the Dominion should continue to exercise the jurisdiction it is now exercising in relation to insurance, the validity of that Insurance Act has not been challenged, but no one could predict with certainty what might be the result if it were again challenged, in view of the prior decisions.

HON. MR. PATTULLO: Mr. Chairman, in view of the fact

that the insurance comes under the department of my fellow K.C., the Attorney-General, I would ask him, perhaps, to express some views.

HON. MR. WISMER: I might say that Mr. Garrett has gone into that matter very fully. As I understand it the jurisdiction exercised by the Dominion Government at the present time practically is confined to discussing and investigating the solvency of any insurance company before entering into business here. The province enters into the other function. In regard to that there is some question as to the validity of that Act, but I believe that is the present respective jurisdictions of the Dominion and the province. Mr. Garrett has gone into this very fully and, no doubt, could give you any further light on it you desired.

THE CHAIRMAN: It has been presented to us by other provinces and also by the insurance companies that it would reduce public expense, simplify procedure, and as far as the life companies are concerned, would increase the benefits of beneficiaries, if the cost of administration were reduced, and it could be reduced by the Dominion Government having jurisdiction in all things, except the two things which are peculiarly local, namely the licensing of insurance agents and the form of insurance contracts.

HON. MR. WISMER: We do not agree that the expense would be reduced very materially. I think Mr. Garrett will go into that. We think the expense of the provincial administration would not be reduced to any great extent in that way.

THE CHAIRMAN: We will hear from Mr. Garrett later?

HON. MR. WISMER: Yes.

THE CHAIRMAN: Thank you.

HON. MR. PATTULLO: Question No. 11:

" Is this Government in favour of the Dominion

having jurisdiction both to negotiate and implement treaties with other countries, including international conventions, subject to the proviso that the use of the treaty-making power should not be colourable?"

Answer:

" The Government of Canada now has full power to negotiate treaties including international conventions. The Dominion parliament now has full power to implement with legislation any treaty made in relation to any matters coming within Federal competence.

The Dominion Parliament now has full power to implement with legislation any treaty made in relation to matters within any class of subject of a local or private nature ordinarily within provincial jurisdiction, where because of war, threats of war or any other circumstances of national crisis, the matter has been made one of nation-wide importance.

The Dominion Parliament now has power to implement with legislation any treaty made in relation to matters within any class of subject of a local or private nature where such legislation is properly ancillary to legislation federal in its nature.

The only remaining cases are those where the treaty is in relation to matters local or private in their nature. Generally speaking, treaties do not relate primarily to this class of subject and in the exceptional cases where they do so relate, Canada as a nation has jurisdiction by the joint action of the provinces.

The field in which the nation needs to make treaties in relation to matters of a local and private nature and in which some province refuses to cooperate is the only one in which any problem arises. This

"field is a limited one. It is felt that to give this power unreservedly to the Dominion as was done under Section 132 of the B. N. A. Act when treaties were made otherwise than by His Majesty on the advice of His Canadian Minister, is not wise.

When the Imperial Government negotiated the treaties affecting Canada there was no temptation to make a treaty for the purpose of conferring jurisdiction on the Dominion Parliament. When the Dominion implements a treaty, in respect of matters over which the Province has jurisdiction, the treaty is made by a competing jurisdiction and there is a temptation to negotiate the treaty with the purpose of acquiring jurisdiction. The recent labour conventions are not free from the suspicion that jurisdiction and not the conventions was the moving consideration.

The suggested proviso that the legislation should not be colourable is not very practical. It is not easy to secure a pronouncement that Parliament has acted in a colourable manner."

THE CHAIRMAN: The effect of that however, as you put it, to state it in different form is this, is it not? That whereas before Canada had attained a status of equality and the right to negotiate treaties, any treaties entered into by His Majesty in the name of the Empire affecting Canada, Canada had power to legislate, whether it affected property and civil rights or not. Now that she has acquired equality of status that very acquirement deprives her of the power to implement treaties that affect property and civil rights. Is not that the effect of the proposition, and do you think, having regard to the necessity of national unity, and Canada acting as a nation

in international affairs, that it is in the national interest?

HON. MR. PATTULLO: Well, your Lordship, in view of the fact that the government of this Province has engaged counsel I think perhaps we had better make them earn their money. I am going to ask my friend, the former Attorney-General, Senator Farris, to reply to your observations.

THE CHAIRMAN: The only point I ask is, do you think it is in the national interest that Canada now having acquired international status should be deprived of a power which she possessed while she enjoyed colonial status?

HON. MR. FARRIS: I think there is a fundamental difficulty. That very question was asked me by Lord Thankerton when the argument was on in the Privy Council, and I made this answer: that in my judgment the difference in degree, from the status of the provinces as to treaties made by the Imperial government and by the Canadian government, went to the extent ^{of becoming} / one of principle and I said that in my judgment the case then before the Court was a very good illustration of that fact. And I go further here because I take it I will have a little more freedom of statement than I would have in a strictly court case and say that I always picture the situation in these labour conventions, that Mr. Bennett made his famous radio speeches, walked across to the Minister of Justice and said: "Find me some way to carry out my statement to the public." Then they looked in a pigeon hole with cobwebs where where they had been for about 16 years and they pulled out the labour conventions and they said: "Yes, sign these and you will have jurisdiction." Now, whether that is so or not, it is open to grave suspicion that it was so and creates a decidedly different situation than when treaties were made only on the advice of the Imperial Ministers. No such suggestion would ever

arise. And the Fathers of Confederation or the modern Fathers of a new Confederation, if I may term you so, sir, must look at it that the rights of the provinces in regard to strictly property and civil rights and local matters in the provinces are not nearly so protected, if the suggestion of this resolution was carried out, as they were protected when section 132 existed and treaties were only made by the Imperial government.

I would like to go a little bit farther on that, Mr. Chairman, and say this: that the analysis that is made there is, first, I think, a sound one. That is in this answer that Mr. Pattullo has made.

THE CHAIRMAN: It would not be here if you didn't, Senator.

HON. MR. FARRIS: And it brings the field, in which this so-called interference with national status lies, down to practically a very limited one, and so far as Canadian status is concerned it does not interfere with it at all. The only thing that is interfered with is the practicability within its own domestic field. The Privy Council decision has put beyond any doubt in the world, in my judgment, the full powers of the Canadian government to advise His Majesty and to make any treaty binding on Canada to the same extent that the Imperial government can advise His Majesty and bind Great Britain. So that as far as the treaty making power is concerned --

THE CHAIRMAN: Just a moment there, to avoid misunderstanding, you mean enter into a treaty?

HON. MR. FARRIS: I said to make a treaty, yes.

THE CHAIRMAN: But popularly that means to carry it out, does it not?

HON. MR. FARRIS: Well, I am dealing with this by steps. The first step is the status of Canada as an

international entity, and it is fully recognized that Canada is such an entity and can negotiate in the sense of making the country bound by any treaty that is entered into by His Majesty under the advice of his Canadian Ministers. So that in that sense there is no impairment but rather a re-affirmation under this judgment of the Canadian national status or international status.

It is also beyond doubt that within the four boundaries of Canada is full power to implement any treaty that Canada makes, so that its national status is there. But I agree that there may be practical difficulties at least, that can be conjured up in doing that, but there are the parliaments of Canada and the parliaments of all our provinces and they have within Canada full national power to implement any treaty that may be made. I have taken it down step by step. Whatever treaties are made in regard to matters of national import, Canada has the fullest power in its own Dominion parliament.

THE CHAIRMAN: When you say "National import" it depends on the details. For instance, take the case of the International Waterways Treaty. Undoubtedly that affected property and civil rights in the province of Ontario. We have been operating under it for a great many years. If it had been made under the present conditions the power to make it might be quite seriously challenged; I mean the power to implement it by legislation.

HON. MR. FARRIS: I am not giving any constitutional opinions, but I would have thought offhand, that that might have been supported, as radio was supported, apart from treaties, and as the aeroplane question was decided on other grounds than treaties, because both of those were considered not merely in relation to treaties but also on

other grounds. Assuming that the general subject matter of the Waterways Convention relates generally to matters of a national scope then certainly they would have power to deal with all incidental matters.

THE CHAIRMAN: If it fell under some one of the enumerated heads of Section 91 they would, or in the case of a national emergency such as war, pestilence or famine they would, but if it dealt with property and civil rights, save in a purely ancillary manner, then I think your statement here would indicate that they would not?

HON. MR. FARRIS: Yes, I agree with that.

THE CHAIRMAN: I do not think there is any difference between us at all on the law. The only question I raised was one of public policy, on which I thought I would be glad to have the view of the government, as we have it in this memo.

HON. MR. FARRIS: I would agree, Mr. Chairman, that if some further scheme could be devised it might be advisable to deal with this last phase of the limitation of Dominion power, but my knowledge -- I am speaking personally, I am not attempting to speak for the government for the moment, but speaking personally, -- my knowledge of the Labour Convention case would indicate to me that there might be a growing tendency for conventions to be entered into for the primary purpose of acquiring jurisdiction.

THE CHAIRMAN: Senator, take the labour convention as an illustration; it is possible that that would not have fallen under 132 at all. I mean it is possible, on a construction of 132, the court might have held that a labour convention such as that was not a treaty within the meaning of 132. I do not know whether they would or not but it is a conceivable interpretation. Assume that

instead ^{of} /providing in the Treaty of Versailles that the Labour Conference might formulate its conventions, they had embodied in the Treaty itself an 8-hour day provision and a minimum wage/as they might have done, then --

HON. MR. FARRIS: Of course, Mr. Chairman, I have never satisfied my own mind that if you had a treaty that bound Canada in such a way that a breach of that treaty might create international complications, if that would not itself be such a crisis as would give jurisdiction.

THE CHAIRMAN: Take your own statement, you say the government can enter into any treaty that binds the government. Now, the government enters into a treaty which it cannot implement because it requires legislation by all the provinces.

HON. MR. FARRIS: Yes.

THE CHAIRMAN: Is your suggestion that creates an international crisis which might justify legislation?

HON. MR. FARRIS: I am not offering an opinion on that, I am just raising that as something I have thought over many times in my own mind.

THE CHAIRMAN: If that would create an international crisis which would give jurisdiction, why not give jurisdiction in the first instance before the crisis arises?

HON. MR. FARRIS: No, I do not think, for this reason - let me follow that argument a little further - I am only expressing an opinion here as we might over the table in our office, back and forth, without trying to come to a final conclusion. I can imagine if Canada entered into a treaty, then the provinces would not carry it out, and some other nation said "We are going to declare war unless you do pass it", I would think that undoubtedly Canada under those conditions could make good on that legislation.

But because that is so, that does not seem to me to be an answer that therefore you should give them power in all cases because Canada would not enter into that kind of a treaty lightly and merely for the purpose of acquiring jurisdiction, but there are conventions on which I would not only say they would but I think we have had an object lesson that they did and I don't think it would be beneficial to the relations between the provinces and the Dominion that ever the suggestion should come up again, that Canada had deliberately tied itself up to a convention for the purpose of interfering with provincial rights, and if such a thing did come up it would do a lot of harm.

COMMISSIONER SIROIS: You are standing upon Lord Atkin's words in that very case. He said Section 132 should not be used just to give the Dominion authority which it had not otherwise.

HON. MR. FARRIS: I certainly stand by Lord Atkin because I think I had something to do with convincing him of what he said.

THE CHAIRMAN: Of course, it is not part of my functions as Chairman to express any opinion on the motives of the then Prime Minister of Canada but I think one is justified in assuming the motive was not to acquire jurisdiction in the sense of stealing something from the provinces, rather the motive was to establish a uniform 8-hour day throughout Canada, which is one thing this government is recommending itself.

HON. MR. FARRIS: I would be very sorry, particularly since Mr. Bennett has announced his intended retirement, to suggest anything that reflected on his good faith as Prime Minister of Canada, but I think that is probably a diplomatic way of putting it, so that the question of good faith will not be raised. But it has the same constitutional

effect and it has the same effect in relation to the controversy, that undoubtedly putting it the way you did, sir, it meant that Mr. Bennett was not particularly interested in the labour conventions as such. They may have been in the pigeon hole for a long time. The only time they became of interest to him was when he saw a way that the Dominion could acquire jurisdiction to do that which they wanted to do.

COMMISSIONER MacKAY: Is not the issue after all rather unreal? I cannot think that any government would risk its political future by trying to invade the jurisdiction of the provinces in a round about way like that.

HON. MR. FARRIS: Well, they did.

COMMISSIONER MacKAY: I don't know, We have no assurance of that. We have your opinion but after all I take it most governments are human and they want to stay in office as long as they can. I defer to Mr. Pattullo on the matter of a political question like that. But I cannot imagine any political party in Canada, any government in Canada - and all governments are made up of political parties - risking its future by trying to invade the provinces in a round about way such as that. It seems to me the issue is quite unreal. It is true we can put it on the logical basis, as you put it on a logical basis such as that, but it does not seem to be at all real.

HON. MR. FARRIS: Well, Dr. MacKay, one can make suggestions. A policy may be popular in part of Canada and unpopular in other parts of Canada and a government might, - if you are looking at the purely political standpoint that you are putting it on - the suggestion there would be to look over the situation and decide where you are going to get the most votes, if you were putting it on that basis. But I am willing to put it on a higher

basis than that and I say it is objectionable if it is done for no other purpose than a belief in the interests of the country. If the Prime Minister believed that we should have a general 8-hour day all over Canada and for that reason he said, "I am going out, by any means I can acquire, I am going to get jurisdiction." Now, his motives are of the best but I do not think it is in the interests of unity of Canada that there should be the opening to acquire jurisdiction in that way and I cannot conceive of any other reason in the world why those labour conventions were agreed upon at that time. There was no pressure from the other countries. If you look over the records of the other countries --

COMMISSIONER MacKAY: Yes, Senator, there was a general pressure to have that.

HON. MR. FARRIS: There was no pressure on Mr. Bennett at that time. There was always a certain general pressure.

COMMISSIONER MacKAY: I am referring to the time the conventions were accepted.

HON. MR. FARRIS: You mean in 1935?

COMMISSIONER MacKAY: No, I am referring to 1921.

HON. MR. FARRIS: Yes, but I say the government paid no attention to the pressure then and there was no attention paid to the pressure until later, after Mr. Bennett had made his radio speeches.

HON. MR. PATTULLO: Mr. Chairman, I think this has all been illuminating and very much justified the position of the government as I see it in this recommendation. The Dominion is given very wide treaty-making powers, almost plenipotentiary and full powers, but there is a little sinew, a protection there, for the provinces in case of necessity. It seems to me it is a very wise provision.

I may say this particular clause counsel drew and I agreed with him.

Question No. 12:

" It was suggested by this Government that the Dominion should take over old age pensions and mothers' allowances. What is its view as to the most satisfactory method of administering old age pensions and mothers' allowances should the Dominion assume this jurisdiction? What is this Government's view as to the suggestion advanced by the Canadian Manufacturers' Association to the Commission that old age pensions should be placed upon a contributory basis and apply to all citizens of Canada? Should the scale of pension be uniform throughout Canada, or should there be variations in accordance with different standards in different places?

Answer:

The British Columbia Government is of the opinion that Old Age Pensions should be placed upon a contributory basis and apply to all citizens of Canada. The pension should be uniform throughout Canada. It is thought that results would be more satisfactory through using provincial machinery, rather than the creation of Dominion organization, both with regard to old age pensions and mothers' allowances."

Old age pensions at the present time are administered by the Workmen's Compensation Board, which is very efficient and they are administering it on behalf of the Dominion Government which pays three-quarters. So there is really an illustration even to the satisfaction of both parties, to the satisfaction of the Dominion and ourselves, where you have one unit of government paying out the money, the

biggest part of it, and another unit carrying it out.

COMMISSIONER DAFOE: Who determines whether the party is entitled to old age pensions?

HON. MR. PATTULLO: The rules and regulations laid down and administered by the Board. The Board makes that determination.

COMMISSIONER DAFOE: The Board itself, not through a municipal body?

HON. MR. PATTULLO: No, the Workmen's Compensation Board.

Question No. 13:

" Has this Government any suggestions to relieve the burden on real estate, and what is necessary to enable the Province to work out a solution with its own municipalities? What view is held as to the contention that Government property, particularly that held for business purposes, should not be exempt from municipal taxation?

Answer:

The invasion by the Dominion Government into the field of Income Tax places this Province in an impossible position. As soon as there is an adjustment as between the Dominion and the Provinces with regard to taxation, it is the intention of this Government that the position of the Municipalities shall come under review."

May I just say apropos of that, that they already have come under review and I think it was the Session before last we took over social services amounting to some \$700,000 and in addition have been contributing a larger share towards unemployment relief, notwithstanding the fact that the Dominion government has cut down its contribution to us. We did not place any of that burden

on the municipalities, but we assumed it ourselves, for the purpose of lightening the burden on land. As a matter of fact in the City of Vancouver to-day they are paying less taxes than they were during the depression on account of the fact they have lower assessments. And I say:

" Many of the Municipalities of British Columbia are at the present time in an assured financial position."

THE CHAIRMAN: I am afraid that answer does not really answer the question, but it may be all that you feel justified in giving. We are asking it here because it has been raised all across Canada and that is the continued exemption of government property from municipal taxation. There are two classes of government property. There is one that is used for some business or public utility purpose and there is that which is used solely for administrative government purposes.

HON. MR. PATTULLO: Well, your Lordship, I don't mind answering that at all. I notice that I have not done so. There is no question in my own mind that on certain classes of property, such as this, you should not contribute taxes. Yet very often there are some exceptions to that. You take a work of local improvement that is carried out on one of the streets over here, where the government does not own the property on both sides of the street, you would never be able to have it at all or you would have to put the debt on the city at large. I think those cases would have to be dealt with on their own merits. I know that the city of Prince Rupert, which I have represented for so many years, there was a sale of Crown property there and it resulted in large sums of money coming into the coffers of the government. The government did pay some of the local improvement taxes, but those were

essentially cases which were just used for speculative purposes and they paid some of the local improvement taxes. But they are not paying any of the taxes upon buildings such as this (Parliament Building). I think each case would have to go on its merits because it must be remembered this, that the government is constantly making contributions in other directions that will make up for it. I have often heard farmers argue and say, "You are taxing my farm, you own all organized territory here, why don't you tax that?" So you get down to a position of absurdity, so that everything that was in the right of the Crown would have to be taxed. You would get back really to where you were.

THE CHAIRMAN: I see one aspect of the question is dealt with later on, although not the one we have been discussing.

HON. MR. PATTULLO: Question No. 14:

" Are there any Provincial Statutes in British Columbia which discriminate against the products of other provinces?

Answer:

No. Products of other Provinces and British Columbia products are exactly upon the same basis so far as the statute law of the Province is concerned."

I was under the impression that question might have been asked on account of the control being exercised in this province over the sale of natural products.

THE CHAIRMAN: No, it is just a general question because two or three of the briefs submitted to the Commission have complained about certain provincial statutes interfering with inter-provincial trade. In some provinces we have found them. It was just to ascertain

whether you had any or not.

HON. MR. PATTULLO: Well, the control of our own products within our own province will no doubt have an affect in some instances on other products coming in here. We do not discriminate against other products coming into British Columbia. They will be treated just the same as our own so far as market control is concerned. A very difficult subject.

Question No. 15:

" It has been suggested to the Commission by Nova Scotia that there should be provision for delegation of powers between the Dominion and the provinces. What view has the Government of British Columbia as to this?

Answer:

Authority to delegate powers is desirable." There of course it could be used to a great extent, however I think it is desirable that there should be provision to delegate powers. We find it in connection with marketing and so forth. I think reference was made in the recommendation of Part VII, it was intimated the desirability of the Ottawa authority and our authority being able to delegate powers.

Question No. 16:

" What percentage in value of exports from British Columbia is sold:

- (a) In Great Britain
- (b) In countries with which Canada has a trade agreement?"

I have put the answer there "Factual", and our staff will be getting that information out, and the same in regard to No. 17.

(Page 5561 follows)

Now, with regard to question 18, I quote:

"18. Are municipally-owned public utilities in British Columbia subject to:

- (a) Provincial taxation, or
- (b) municipal taxation?

If not, is it the view of the government that such public utilities should be taxed on a basis of equality with privately-owned utilities?

Answer: No municipally-owned public utility is subject to taxation either provincially or municipally. It is not thought that such public utilities should be taxed."

THE CHAIRMAN: Mr. Pattullo, the ground upon which that was urged before us by two or three briefs, was, that as public utilities, they should be subject to taxation. While public utilities do provide services at cost, yet, if they are exempt from municipal taxation it puts the burden on real estate and other people get the benefit. In other words, a public utility is being supplied at less than cost, because it does not bear its municipal burden.

HON. MR. PATTULLO: A very simple way to remedy that is to charge more for the water or other public utility. Here is a case, in the city of Vancouver, where I am told the city has as cheap a water rate as any place in America. I am not sure whether this council is going to increase the rate or not. They admitted in representations to the government, that they could increase the rate because it was very low.

COMMISSIONER ANGUS: In the evidence presented to us, it was observed that ^{for a public utility} to operate at a profit and transfer the profit to the public revenue, was equivalent to taxation. The only question was, should a utility be taxed if it is operating

at cost and supplying a cheap service? Should it, as it were, be compelled to operate at a profit and compelled to raise its rates?

HON. MR. PATTULLO: I think a great deal would depend on the financial needs which existed. Necessity drives where needs must, or is it the other way about? I think it would be a matter of necessity.

COMMISSIONER ANGUS: The suggestion was, that if you took two consumers of electricity in different places, one buying from a public utility which supplied him at cost, and the other buying from a private company whose price must include taxation which that company pays, of those two consumers, one was being taxed more heavily than the other. It was suggested that it was inequitable that two consumers of electricity should be differently treated.

HON. MR. PATTULLO: You could easily obviate that; say you did tax the public utility, the city council could say, "Well, we will just lower the rates, even if we lose money by doing so". If this were done, you would be right back where you were. I will now take up number 19, and I quote:

"19. In dealing with the problem of transiency, is it the view of this government that this province should be entitled to charge to the province of origin the cost of social services accorded to the transient in this province, or only the cost of the social services he would have been entitled to receive in the province of origin?

Answer: It is the view of the government that there should be charged to the province of origin, or to the federal authority, if there is no residence qualification--"

We were speaking of that--the formulation of rules and regulations for residence qualification. I continue to read the answer:

"the cost of social services as administered in this province."

It would be very difficult for this province to know what the cost would be elsewhere. I think it should be in accordance with the services given in the particular province in which the transient happened to be. I continue, with the reading of question 20 and our answer to it:

"20. What is the view of this government as to the inclusion of certain fundamental rights of citizenship in the Canadian Constitution?"

The answer to that-- I am not very clear as to what was meant by that question. I did not know whether it had anything to do with the Padlock Law or something of that nature.

THE CHAIRMAN: No, it has been presented to us in different briefs, that there should be, in our constitution perhaps, not the same, but something similar to that which is in the American Constitution whereby certain fundamental rights are granted to the citizens. No citizen can be deprived of life, liberty, or property, except by due process of law--

HON. MR. PATTULLO: Have we not got that?

THE CHAIRMAN: Freedom of assembly, freedom of speech, and so on. In a great many constitutions these fundamental rights are granted and it has been urged upon us in several briefs, that there should be, in our Canadian Constitution, as well as in the provincial constitution--

HON. MR. PATTULLO: By the constitution, does one mean

the British North America Act?

THE CHAIRMAN: Yes, that is what is meant.

HON. MR. PATTULLO: Is the British North America Act a constitution? Is it not simply a definition of the powers as between the respective authorities of the Dominion and the provinces? Is it really a constitution at all? Does there not exist an absolutely wide power in our residual powers or is it for the Dominion authority particularly? Would not our common law protect the ordinary citizen?

THE CHAIRMAN: It was that problem which was discussed to some extent in the recent judgment of the Supreme Court. I am speaking now of the briefs which have been submitted to us. Ought there to be a safeguard in the constitution, for freedom of speech, freedom of assembly, freedom of the press, and so on?

HON. MR. PATTULLO: What about licensing of the press? Your Lordship, might I say here, right before this body, there occurred an incident on the first morning and in the press report it was suggested that you had asked me a question which was very unexpected and I was very much nonplussed. As a matter of fact, it was the very question which we had been considering and had expected the Commission to ask us. However, this idea has gone all across Canada and there were broadcast reports that the Chairman of the Commission had rebuffed me. I know you had no intention of doing so because you thanked me very courteously later on. However, the idea has gone all across Canada and furnishes items for the eastern press with regard to our position in this province. It is for this reason that the licensing of the press has come up.

THE CHAIRMAN: The problem was just to know whether your government had considered this question and had any views upon it.

HON. MR. PATTULLO: I understand that, sir, and our answer in the light of your observation is not applicable to the situation at all. I have said:

" Answer: Our government is not quite clear as to what is in the mind of the Commission in asking this question, but our government is perfectly clear in this that no one of any origin should enjoy the rights of Canadian citizenship unless he will subscribe to all the responsibilities which those rights carry without any obligation whatever to any other authority."

We have a situation obtaining here and there is argument from time to time with regard to giving the vote to orientals. This government ~~or~~ the people here could not possibly consider that. Then, of course, we have this Dukhobour question. There ~~are~~ 12,000 of these Dukhobours, all holding extreme views; we could not possibly give them citizenship. They will not go to war, they will not fight. In such a case, I do not think they have any right to enjoy Canadian citizenship at all.

THE CHAIRMAN: That is a question of naturalization, it does not touch upon the constitution.

HON. MR. PATTULLO: In the other questions in which a request was made for the submissions made by British Columbia away back in 1901, 1903, and so forth, we have our staff working upon those now. Unfortunately, there is only about one copy of some of those, and it is in our library. The other copies seem to have been dissipated over

the years. We would like to be left with one copy, at least.

Now, with regard to the correspondence which you would like, a search is being made in the vaults for it. Apparently the indices were not so good in those early years. We filed with the secretary of the Commission this morning, a letter which I wrote to Mr. Bennett, and a copy of his reply. There was also a letter written to the Rt. Hon. Mackenzie King. Other than that, the representations made, so far as this government is concerned, were made verbally, both to Mr. Bennett, and to Mr. Mackenzie King. The other question will be answered by Counsel, later on.

THE CHAIRMAN: We thank you for the consideration which you have given to these questions.

MR. STEWART: There are three letters, my Lord. The first one is dated the seventh of February 1934, and is a letter from the Hon. Mr. Pattullo to the Hon. Mr. Bennett. The reply of Mr. Bennett on February 26, is the second letter.

THE CHAIRMAN: Might I just see those letters, please?

MR. STEWART: Yes, my Lord.

THE CHAIRMAN: Mr. Pattullo, there are a few questions which I would like to ask you. You wrote Mr. Bennett on the seventh of February 1934, and you submitted a brief of claims suggesting that they might justify the appointment of a royal commission for investigation?

HON. MR. PATTULLO: Yes, that is so.

THE CHAIRMAN: In his reply of February 26, Mr. Bennett suggests that the cabinet might constitute a committee of the whole for the purpose of enabling the representatives of the province of British Columbia to be heard. I assume it was pursuant to that, that you later waited upon the cabinet and made your representations?

HON. MR. PATTULLO: That is correct sir, then following that the interim grant of \$750,000, was made.

THE CHAIRMAN: Yes, then on the fourth of January, 1936, you state, "On the thirteenth of November there was forwarded to the Secretary of State a brief on British Columbia's claims for better terms." It was that brief which was filed here, I assume?

HON. MR. PATTULLO: I think that is the one, sir. We also sent them a copy of the Pacific Great Eastern Railway brief.

THE CHAIRMAN: As these letters have a rather important bearing upon the question, I think it might perhaps be as well to read them into the record.

MR. STEWART: The first is a letter dated, February 7, 1934 to the Rt. Hon. R.B. Bennett, Prime Minister of Canada, Ottawa, Ontario, and it reads:

"Dear Mr. Prime Minister:

Immediately after the recent conference in Ottawa, you were good enough to suggest that I submit to a committee of the Cabinet, British Columbia's claim for equality of treatment in the Confederation of the provinces, also our request that the Pacific Great Eastern Railway be absorbed in the national railway system.

As I am unaware as to the personnel of the cabinet committee I beg to enclose herewith copies of brief of "British Columbia's claim for Equality of Treatment in the Confederation of the Provinces." I assume that the cabinet committee would not undertake to adjudicate upon the measure of award, if any, which should be made but rather would pass opinion as to whether a sufficient case had been made out to

"justify appointment of a Royal Commission to hear further argument. In this connection I suggest that sound public policy would dictate that any province which feels itself aggrieved should be given opportunity to be heard.

With regard to the Pacific Great Eastern Railway, we do not contemplate that the national system should absorb the whole amount of money which this province has invested in the Railway, but rather that it should take over a very much lesser sum than the amount now invested in the Railway by the Province. Half the amount now charged against the Railway is for interest. With the development now proceeding in the territory covered by the Pacific Great Eastern, I feel sure that the national railway could operate the system and assist in developing the country upon a basis that will add no additional burden to the Dominion as a whole. I enclose a number of copies of brief.

I should be glad to send an appropriate officer to present any further information or argument which your cabinet committee may consider necessary.

I beg to remain,

Very faithfully yours,

'T. D. Pattullo' "

The next letter is dated Ottawa, February 26, 1934.

"Dear Premier Pattullo:

I have your letter enclosing a copy of British Columbia's claim for equality of treatment in the Confederation of the provinces, and also copy of your brief, "Why the Dominion Government should take over the Pacific Great Eastern Railway."

I assure you that Cabinet will probably be constituted as a committee of the whole for the purpose

"of enabling the representatives of the province of British Columbia to be heard.

I assume that a date may be agreed upon after Parliament and your Legislature have concluded their labours. I will communicate with you further in due course, fixing a date when we can further discuss our problems.

Yours faithfully,

'R. B. Bennett'

The third letter is dated, January 4, 1936.

"Right Honourable W.L. Mackenzie King,

Prime Minister of Canada,

Ottawa, Canada.

Dear Mr. Prime Minister:

On the 13th of November 1935 there was forwarded to the Secretary of State a brief on British Columbia's claim for Better Terms, and also brief as to why the Dominion Government should, through the Canadian National Railways, absorb the Pacific Great Eastern Railway.

In case you would like to hear argument we would like to present our case before your Cabinet, or a committee of your Cabinet, on the occasion of our approaching trip to Ottawa.

In respect of Better Terms, it may be that you would be satisfied to grant a commission without further argument. It seems to me that wherever a Province asks that a commission be appointed to consider its status in Confederation that request should be granted unless it is obviously frivolous, and I think that we should assume that no Province would place itself in that position.

With regard to the Pacific Great Eastern Railway,

"I assume that you will be considering the whole railway problem. This is a case where great service could be rendered to this Province, your Government would be justified in doing it and I respectfully suggest should do it in the light of the relationship of the Pacific Great Eastern to the Canadian National system through the Grand Trunk Pacific, and in the light of the general railway situation of the Dominion of Canada.

The province has between \$75,000,000. and \$80,000,000. now in the venture but we would, of course, not suggest that any such amount be allowed by the Dominion Government. What we have suggested is that replacement value be allowed, approximating \$35,000,000.

I may say that the business of the road has been gradually improving particularly through mining development, and I am enclosing herewith copy of statement of revenue and expenditures for the month of November, 1935, which shows a favourable position over the same period in 1934.

I beg to remain,

Very faithfully yours,

'T.D. Pattullo.'

THE CHAIRMAN: Thank you very much, Mr. Pattullo.

Those letters will be marked as exhibit number 201.

EXHIBIT NO. 201: Three letters dated, January 4, 1936; February 26, 1934, and February 7, 1934 between the Prime Minister of Canada and the Premier of British Columbia.

THE CHAIRMAN: The first brief to be presented this morning is that of the Victoria Chamber of Commerce. We will take that now.

MR. H. HUBBARD, President of the Victoria Chamber of Commerce, was called.

MR. HUBBARD: My Lord and gentlemen; It becomes my duty, at the outset, to inform you that this does not represent the complete case of the Victoria Chamber of Commerce. A case was prepared and submitted to the Canadian Chamber of Commerce, and forms part of its brief which will be presented to you. This is a very short case which the Victoria Chamber of Commerce is presenting as that body considers it of paramount importance. It is being presented in a very brief way, my Lord, in the hope that you will not detract from its importance, but probably see in that a greater importance. This body feels that these questions should be made the subject of a separate brief. This brief is divided into two parts. It is my privilege to present the first part, and the second part will be in the more capable hands of Mr. Leeming, who has signed the brief as Committee Chairman. The first part of this brief, deals with taxation of income and demands for statistical information by Dominion and provincial Departments. I will now commence the reading of the brief:

TAXATION OF INCOME AND DEMANDS FOR STATISTICAL
INFORMATION

BY DOMINION AND PROVINCIAL GOVERNMENT DEPARTMENTS

"The Victoria Chamber of Commerce, expressing what it believes to be a widespread demand of the business men of Victoria, respectfully solicits the earnest consideration of your Commission on the following matters of pressing importance:--

- (1) The duplication of expense involved in the maintenance of both Dominion and Provincial Income Tax Departments.

"(2) The duplication of cost to the individual in connection with the preparation of returns and subsequent dealings with both departments.

(3) The unfair burden placed on the incorporated company in competition with the unincorporated business or partnerships due to the corporation income tax.

(4) The ever-increasing cost to the individual of preparing the many governmental forms demanding all kinds of statistical data.

In connection with the duplication of Departments, and the added cost which must necessarily increase the burdens of taxation to the individual, we submit that the work of assessment and collection of income taxes can and should be handled by one department for the benefit of all parties concerned. We believe that this economy can be readily put into effect and has already been taken advantage of in other provinces.

With respect to the second item which seeks to emphasize the cost to the individual, over and above the actual taxes paid by him, we submit that the burden of time and expense involved is excessive and unnecessary.

The preparing of two separate sets of forms, differing in many important aspects and due for filing at varying times, to be followed later by the examination of books and records by both departments, with correspondence and interviews with both departments, constitute a burden of expense, distraction and dislocation of business which should be eliminated with the least possible delay."

THE CHAIRMAN: On that point, Mr. Peterson of the Income Tax Department of your Provincial government, expressed the view that this could not be done because of the difference

in terms between the British Columbia Income Tax Act and the Federal Income Tax Act. Have you considered that point?

MR. HUBBARD: Most emphatically, sir. It is those minor differences which create most of the trouble. Business men complain of the differences in rates of depreciation and so forth. Another consideration is, that it is almost impossible to set up bookkeeping which will express anything at all, because of these differences in viewpoint between the two departments. I continue to quote: from the brief:

"We point out that, in dealing with two departments, whose rulings on various subjects are not in agreement, the taxpayer finds it impossible to intelligently express the conflicting views in his bookkeeping and the result is much confusion.

Further, we submit, that the taxation authority should be required to make its examinations of the taxpayer's books within a limited period of time. Audits and assessments, made **years** after the fiscal period, often cause great hardship and injustice in the face of altered conditions and personnel.

On the subject of the Corporation Tax, we submit that where corporations must compete with individuals, the direct corporation tax is an injustice which is prompting many companies, where possible, to consider dropping their present status and reverting to partnerships."

THE CHAIRMAN: Mr. Hubbard, you might explain exactly what the difficulties are there. I assume it is a fact that you have to pay income taxes, the company has to pay income taxes and then the taxpayer, as well.

MR. HUBBARD: There is a tax on his dividend again, whereas in the case of a partnership, the profits are distributed to the individuals concerned. They are taxed once, and once only.

COMMISSIONER MacKAY: Of course, there is this point; after all, a corporation has certain privileges, and one might well argue that it might be taxed because of those privileges. It has certain privileges such as individual limited liability.

MR. HUBBARD: Yes, that is so.

COMMISSIONER ANGUS: Double taxation does not exist in the case of provincial taxes, does it?

MR. HUBBARD: No, the company is taxed and the dividend is free of tax.

COMMISSIONER ANGUS: As I understood Mr. Peterson's representations, it is the endeavour to preserve that form of relief for the taxpayers which makes it difficult to have the taxes collected by one authority.

MR. HUBBARD: Further on in this brief, I think, we treat with the question of taxation of companies as against individuals. I continue to quote from the brief:

"This procedure eliminates entirely the double taxation, under the Dominion Law, which double tax is undesirable for many reasons, such as:

(a) It takes from a company profits which should go into the expansion of the industry.

(b) It demands cash when cash is very often not available.

(c) It establishes a charge which may sometimes be passed on to the consumer.

(d) It is an indirect tax, inasmuch as the person actually paying is not always cognizant of the fact.

"(o) That the tax is often thus paid by persons whose total earnings would not reach taxable proportions.

(f) It takes no cognizance of lean years but attacks only prosperous ones.

This affects very adversely a fluctuating industry such as lumber or fishing, and therefore is very bad for the Province of British Columbia.

It is quite possible for a business over a term of years to pay more in taxes than its net profit.

Under the final heading, we submit that the various governments should cooperate in the matter of issuing returns for general business information. For example, the business man now receives forms from the Bureau of Statistics, Departments of Labour, Agriculture, Fisheries, Trade and Commerce, etc. etc., all demanding information which could be furnished with much less trouble, expense and duplication of work if these departments would cooperate. We find also our Municipalities and Hospitals preparing information of a similar character for both provincial and Dominion governments.

In conclusion, we again plead for prompt action in the remedying of these very obvious faults in our Dominion-Provincial Governmental structure, believing that the serious burden now carried by the taxpayer would be considerably lessened by the adoption of our suggestions."

THE CHAIRMAN: Thank you, Mr. Hubbard, for your part of the presentation.

MR. HUBBARD: Mr. Leeming will now deal with the second part of our brief.

MR. D. LEEMING, Representative of the Victoria Chamber of Commerce, was called.

MR. LEEMING: Your Lordship and Commissioners; I am presenting the case with regard to municipal taxation as it relates to the city of Victoria, and trying to show that the taxation as now imposed, is destructive to capital values. I am going to read the brief, sir. It is not a very long one and we should refresh our memories by it, as we go along. I commence to read at page three of our brief:

" MUNICIPAL TAXATION
DESTRUCTIVE OF CAPITAL VALUES

"The appended submissions come, we believe, within the scope of your inquiry, because while they relate largely to municipal finance, those finances have been and are greatly affected by the action of the provincial government, and that government maintains that its actions in these matters are largely dependent on the policy of the federal government.

Municipalities (including cities) are the creation of the province. The greater part of the population of the province lives in the municipalities and looks to them for nearly every public benefit which they enjoy. These benefits may be divided under two heads:--

- (1) Those directly beneficial to the land owner, and
- (2) National services (which are not directly beneficial to the land owner).

(1) Would include among other things: Water, Sewers, Fire-protection, Streets, Physical improvements (sea walls, surface drainage, boulevarding, parks, etc.) Street-lighting, pounds and the enforcement of many by-laws.

- (2) Would include Education, care of insane, poor, sick and aged, hospitals and such social duties

"as the province may from time to time prescribe. Also police, criminal prosecutions, maintenance of prisoners in provincial jails, etc.

The municipalities being created by the province and having laid upon them by the province duties which involve large expenditures, should be provided with the necessary taxing powers to raise the required funds. The powers of taxation possessed by the municipalities apply to real property only and to no other form of wealth. Real property taxes are insufficient for all municipal purposes and are inelastic. If the tax rate is too high heavy reversions of land for non-payment of taxes results. The number of tax paying properties is reduced. Increased taxation falls on the remainder. And as taxes are a first charge, the value of the owners equity is reduced as will be shown by sale prices."

At this point, I would like to give you a few illustrations which have come to my notice, through my office. Within the last few months, some properties have been sold. One property in the city was assessed for \$2,900. and it was sold for \$875. This property was located in a good neighbourhood, too. Here is another case of a property which is centrally located and is assessed for \$3,780. This property was sold for \$910.00. This was not a cash deal, either.

THE CHAIRMAN: Are there many vacant houses in Victoria?

MR. LEEMING: Very few, my Lord.

THE CHAIRMAN: This condition does not exist because there is a surplus of houses, does it?

MR. LEEMING: No, in fact, in the environs of the city, Oak Bay, Saanich, and Esquimalt, there is probably more building going on than in any other part of Canada. However,

they are not paying taxes in the city of Victoria. People will not pay taxes in the city of Victoria, they go outside to the other municipalities and live off the back of Victoria. During the last decade our population increased about 30 to 40 per cent, but to-day, it is decreasing. During the years 1921 to 1931, we were on the way up, but since then, we have had a considerable decrease. Our school population in the city of Victoria is about 35 per cent less than it was. In Oak Bay, which is the small municipality immediately adjoining the city of Victoria and consists of about seven square miles, the population increased 41 per cent. The increase in Saanich which is a larger municipality, was about 23 per cent, while the city of Victoria did not increase one part of one per cent.

THE CHAIRMAN: Do not these municipalities have the same burden of social services and education?

MR. LEEMING: I would like to answer that question in this way sir. In 1930 the reversion of lands to the city had practically ceased. The city was getting practically no lands back and it was selling more land. In other words, we were beginning to get back on our feet. Then came this depression and it forced the burden upon our city. Now, I would just like to quote from the Canadian Taxation of 1936, Number 156. It has often been said that the city of Victoria is a very extravagant city. This report deals with the taxation of the cities of the Dominion of Canada. This report shows that the city of Victoria was the only city in the Dominion of Canada which reduced its taxes between 1932 and 1936. Victoria was the only city in Canada to do this. It also shows that, while there was a reduction in our taxes of \$198,365.00, while making that reduction, we had to overcome an increase in welfare expendi-

ture of \$249,000. If you add those two figures together, you get some idea of what the city of Victoria has done.

I was Mayor of this city in 1936, when the Bank of Montreal advised us that our capital borrowings had to cease. The bank was not prepared to loan us any more than enough for current expenditures. The provincial government, at the same time, passed legislation saying that we had to handle our sinking fund in a different way. This applied to all sinking funds in the province. When this point was reached, sir, I realized that we were not able to carry on. The only way we could have possibly carried on was to increase our tax rate anywhere from 15 to 20 mills.

THE CHAIRMAN: What is your present tax rate?

MR. LEEMING: The tax rate to-day is on 100 per cent of the land, which I have shown you is very heavily assessed, and on 65 per cent of the value of the improvements. The rate itself is $43\frac{1}{2}$ mills and we expect that it will be 43 mills this year.

THE CHAIRMAN: That is certainly rather stiff.

MR. LEEMING: And it is not nearly as stiff as it will be, later on. More taxes will have to be found, but where they are going to come from, I do not know.

COMMISSIONER ANGUS: Do you think one of the difficulties arises from the choice of the area upon which the burdens have been imposed? If, for instance, Victoria, Saanich, and Oak Bay had been taken as one unit, what then?

MR. LEEMING: Well, I do not know about that. I am going to refer to unemployment relief. I have just referred to the increased burden of social welfare of \$249,000.00 roughly a quarter of a million dollars which was imposed on little Victoria. Now, I will refer to the city of Westmount. Is that the name of the place near Montreal?

THE CHAIRMAN: Yes, that is it.

MR. LEEMING: Westmount has no unemployment relief problem. It is composed of the wealthiest people in the city of Montreal. They are escaping taxation because they live outside the city of Montreal. Yet, they are the very people who could afford to pay taxes. There is another instance right near our own city. The people who live on the other side of the Foul Bay road are living within about a mile and a half of our city hall, yet the burden of this city is many, many times what those people have to bear. Those are the wealthy men, too, who are living on the other side of that road. I continue to quote from the brief:

"From this point assessments (if true) must be constantly reduced. We would suggest that the real property owner should be taxed only for sufficient to defray cost of services directly beneficial to real property. The cost of the Social Services should fall on wealth of every kind and should be derived from all forms of wealth. As the province has kept in its hands all the necessary sources of revenue, it should relieve the municipalities of the duty of furnishing the services. The city of Victoria has been reduced almost to bankruptcy. This fact was recognized last year by the bondholders, who granted a measure of relief to avoid default.

The critical condition into which the British Columbia municipalities were falling was seen some years back. In 1933 the provincial government appointed a commission to enquire into municipal affairs.

The Commission consisted of

Judge A. M. Harper of the County Court (Chairman)

"A. D. Patterson, Reeve of Delta.

Herbert Anscomb, M.L.A. (former mayor of Victoria).

This Commission sat in many parts of the province and was very thorough. The recommendations of this commission have not been followed.

Among the recommendations in the report were:

That real property should assume the burden of "beneficial taxes"

The community as a whole should bear the burden of "onerous taxes"

That additional municipal revenues are needed. The source of that revenue should be sought from other forms of wealth than land.

That as the sources of Municipal revenues are inadequate there is a just claim on the provincial government.

The following statement is quoted at length from the "Report".

'We cannot ignore the principle that land should bear the burden of 'beneficial' expenditures, but consider it is inequitable that it should be called upon to carry the load of 'onerous' expenditures. A continuation of such a policy will only lead to a perpetuation of the existing inequalities and the continued abandonment of real estate into the unwilling hands of the municipalities eventually resulting in financial bankruptcy.'

In support of this statement we offer the following facts.

The city of Victoria is subdivided into 18,744 parcels
Of that number nearly 30% have reverted 5,246

Since the time the Harper Commission was appointed, 1,634 parcels of land reverted to the city and 259 were sold under the hammer at the 1937 tax sale, that

"is, last November, four months ago. All of which goes to show that the destruction of capital value in land is still going on and real property owners are abandoning their investment to the municipalities.

In the 'Report' the instability of real property tax as the main source of municipal revenue is noted. In confirmation of this we would point out that assessments of land in Victoria, in 1910 were \$26,288,892.00 and that assessments of land in Victoria in 1938 are \$18,529,907.00, and present assessments of land are much above selling values. The report also noted that ownership of land was no longer an indication of ability to pay.

Reference was also made to the tendency of provincial governments to regard funds coming into their hands as their exclusive possessions and any return made to the municipalities as "an act of grace."

The Report also points out the necessity of placing the relationship of the province and municipalities upon a clear and definite basis for a permanent solution of their difficulties."

This is a very important item. For instance, right now the city of Victoria is faced with a new regulation which is going to cost our city no less than \$650,000.00. We have nothing to say about it, but where we are going to get the money to meet it, we do not know. I continue to quote:

"In Great Britain the ever-increasing needs of the municipalities are recognized and provided for by constantly increasing grants.

Professor A. B. Clark of the Department of Political Economy of the University of Manitoba fairly expressed conditions when he said (22 June, 1933)

"The complaint is fairly general in Western Canada that the provincial legislatures have been too liberal in the delegation of duties to the municipal councils and altogether too niggardly in the granting of sources of revenue for their support.'

Again quoting from the 'Harper Report', we find the following statement: 'That we consider the time has come when, if municipalities are to continue to exist as such, and the private ownership of land to be maintained the provincial administration will be wise to take action along the lines indicated.'

We would point out that the builders of our cities have shown their faith in and willingness to develop the land and buildings in the cities and towns, that is in a fixed form of investment, and had they not done so we would be in a more or less primitive state. How has that faith been rewarded? Is it not right that this form of wealth should be dealt with on a more equitable basis and capital values thereby restored? We would point out that destruction of capital values brings about bankruptcy and that bankruptcy does not end with the bankrupt but is felt by the whole community. On the other hand the restoration of capital values also restores credit, and credit confidence, and confidence business stability.

The inequitable taxation of real property has caused more injury to British Columbia than any other reason.

In conclusion we would point out that

'High taxation of real property discourages building'

'High taxation of real property destroys Capital value'

and

"Owners of property are unwilling to put more money into building, thereby creating unemployment in building and allied trades'.

All of which is respectfully submitted on behalf of the Victoria Chamber of Commerce."

THE CHAIRMAN: We thank you, Mr. Leeming, for your submission. Unfortunately the conditions which you have depicted here are the same as those which apparently prevail in nearly all of the cities of Canada which we have visited. The burden placed upon real estate, is such that real estate is passing into the hands of the municipalities.

MR. LEEMING: You must admit that something should be done about it, because if it is a general condition, those who should be doing something about it, are not doing so. It is said, "Hope springs eternal in the human breast". Our premier voiced the hope which we all hold, that something comes from this Commission. He said he hoped, "We were going to get somewhere." I may add that this is the fervent hope of all of us.

MR. STEWART: The brief of the Victoria Chamber of Commerce will be exhibit number 202.

THE CHAIRMAN: Yes, that will be marked as exhibit number 202.

EXHIBIT NO. 202: The Brief of the
Victoria Chamber of
Commerce.

THE CHAIRMAN: Then the Okanagan Municipal Association.
MR. O.L. JONES, was called.

THE CHAIRMAN: Will you proceed, Mr. Jones?

MR. JONES: My Lord, and gentlemen, I have a brief prepared by the Okanagan Municipal Association for submission to this Royal Commission, which I will read:

"The Okanagan Municipal Association comprises the following Cities and Municipalities in the Interior of British Columbia, viz: Armstrong, Coldstream, Glenmore, Kamloops, Kelowna, Penticton, Salmon Arm, Spallumcheen, Summerland and Vernon, and embraces Cities and District Municipalities having both Urban and Rural areas.

We beg to submit for your consideration the following matter, which we confidently believe to be based on reasonable and logical grounds, and supported by facts.

The British North America Act was passed in 1867, at a time when most of Canada's population was Rural. Since that time development within the Dominion has caused a redistribution of population, resulting in it now being at least 60% Urban. Rapidly changing conditions, increasing demands for Public services, and greatly improved standards of living have rendered modes and procedure of 70 years ago more or less obsolete, and a re-alignment of the Powers and Responsibilities of the three forms of government, - Federal, Provincial and Municipal, - by amendment of the B.N.A. Act, has become necessary for the stability of our Institutions.

Of the three forms of government in Canada, the Municipal governments are closest to the actual needs of the people, coming as they do, in daily

contact with their problems. It will be evidenced then that Municipal administration, in view of the changed conditions since Confederation, are now severely handicapped in regard to financing their operations, by having to function under obsolete methods.

The services rendered by Municipal governments may be divided into two distinct and separate classes: (1) Local services and (2) General services. Municipalities in British Columbia have been particularly affected by being compelled to assume increasing burdens for the maintenance of General services, without adequate means being provided for raising the increased revenue necessary to meet the cost of such services. In an endeavor to alleviate to some extent this onerous burden, resort has been made to "Grants-in-aid" which have proven a very unsatisfactory and unstable method of financing. The effect of this increased burden on many municipalities is virtual bankruptcy, and is rapidly bringing other municipalities to the same low level.

Public financing in Canada appears to have received much less consideration than such an important feature of our system warrants, and improvements in the methods of financing could very well be made with complete safety and marked beneficial results.

Services and opportunities provided by governments, should be available to all citizens, irrespective of location or wealth, and in this regard can be cited the Dominion Housing Act. Even a cursory examination will disclose that the Interior of British Columbia has not had, up to the present the same treatment as has been meted out to other centres of population

of no better stability or intrinsic worth, due to the action of private financial concerns. Likewise, educational facilities because of local control and local financing are not available in equal measure to all residents of Canada."

THE CHAIRMAN: What is the difficulty about the housing?

MR. JONES: May I call on Mayor Scanlon, of Kamloops. He has the correspondence.

MR. SCANLON: Mr. Chairman, when the Dominion Housing Act was put into effect some few years ago, citizens of Kamloops wished to take advantage of the Act to build homes for themselves. A local committee was formed to investigate the possibilities of getting the Act effective in our city, and we wrote to those insurance companies who had signed up under the Dominion Housing Act, with the Federal Government, and we were unable at that time, or since, to get any building started in Kamloops because the city was outside the usual loaning areas of these different insurance companies. We feel perfectly justified in stating that our city, being in excellent financial condition, and also due to the experience we had with the Soldiers' Housing Scheme, some years ago, by which a number of houses were built, and none of them defaulted,—the scheme was eminently successful.

THE CHAIRMAN: I can understand it now. I did not understand it at first. The reason was, you were not in the loaning areas of these particular companies.

MR. SCANLON: Yes. Apparently the principle of these companies is not to make loans in cities of less than 10,000 population, or in any district where they have not local inspectors or valuers. So that we were unable

to take advantage of the Dominion Housing Act, which we consider unjust, as our citizens were as financially responsible as those in a city of 200,000.

THE CHAIRMAN: Thank you.

MR. JONES: I will continue reading:

"After careful study of these problems, we are convinced that the time is ripe to so amend the B.N.A. Act, that a fair and equitable distribution of the Powers and Responsibilities of the various governments be clearly defined, having due regard to the available sources of revenue, and the services rendered therefor.

We, therefore, respectfully submit for your consideration the following :

- (1) That Municipalities are a very important part of Government.
- (2) That the activities of Municipalities are closer to our people than any other form of Government.
- (3) That Municipal responsibilities have been arbitrarily increased by the parent governments, without adequate means being provided for raising the increased revenues necessary.
- (4) That "Grants-in-aid" are not a satisfactory means of financing.
- (5) That Municipalities should be required to finance only local services.
- (6) That General Service, viz: Education, Social Services and Unemployment Relief, should be financed on the broadest possible basis and not be, even in part, a charge against property.
- (7) That the exemption of Crown Lands, both Federal and Provincial, from taxation, works a hardship on many municipalities.

- (8) That investigation by the Commission be made with a view to the facilities of the Bank of Canada being made available for Public financing at low interest rates.
- (9) That if "Grants-in-Aid" are to be continued, such should be on an equitable basis to all Municipalities.
- (10) That when National schemes, such as the Dominion Housing Act are inaugurated, restrictions either in fact or in practice, should not prevent otherwise qualified communities from participating.
- (11) That in many Municipalities, due to the burden of Social Service and Unemployment Relief costs, other public services of local nature have been neglected through lack of revenue, mainly streets maintenance, waterworks maintenance, etc., and such neglect is reaching undue proportions. Municipal balance sheets do not disclose this neglect, and these necessary expenditures cannot be indefinitely postponed.

Accompanying this brief are statements from several of the Cities herein represented, setting forth the increased costs due to General Services, as well as showing the decreased "Grants-in-aid".

All of which is respectfully submitted."

THE CHAIRMAN: Thank you.

MR. STEWART: That will be exhibit 203.

EXHIBIT 203 - Brief prepared for the Okanagan Municipal Association for submission to the Royal Commission on Dominion-Provincial Relations.

THE CHAIRMAN: The questions you have raised in this brief will receive most careful consideration, in line with the representations from other municipalities.

Then the next is the B.C. Chamber of Agriculture.

Mr. W.E. Haskins, was called.

MR.HASKINS: This brief is presented on behalf of the Provincial Chamber of Agriculture. With your permission, we propose to divide the brief into two parts; the first part Mr.Oldfield will address the Commission as to the reasons why the Chamber of Agriculture feels that it is entitled to present a brief, and to be here, and the reasons why we think those changes in the constitution ought to occur. Then I will deal with the changes which we propose in the Constitution.

THE CHAIRMAN: It is not necessary to give reasons as to why you are here; we are here to hear you. That part of it can be taken for granted.

MR.HASKINS: Yes. I had not that in mind, your Lordship, particularly, but the position of agriculture in the economic scheme we wanted to outline shortly.

THE CHAIRMAN: Yes, that is in order.

H.C. OLDFIELD, Director of British Columbia Chamber of Agriculture, was called.

MR.OLDFIELD: Mr.Chairman, if I might read the remarks I have here in connection with the support of the application of the British Columbia Chamber of Agriculture as to means to overcome the legal difficulties and confusion which at the present time frustrate the operation of the government acts for marketing of agricultural products:

"In support of the application of the British Columbia Chamber of Agriculture for means to overcome the legal difficulties and confusion which at present frustrate the operation of Government Acts for the marketing of agricultural products.

In view of the importance of agriculture to the province and to the country as a whole, as shown by

annual returns, and to the fact that the largest group in our population is directly concerned by this industry for its existence, and further to stress the fact that the return from Agriculture represents income, and does not represent depletion of natural resources, save the loss of fertility of the soil, which must take place if production becomes uneconomic. As an old saying has it: 'The starving farmer starves his land.'

During recent years certain legislation of a social nature has been set up in the regulation of minimum wages, hours of work, etc., which has as its object the abolition of certain abuses in employment and working conditions, and also the raising of the standard of living of the citizens.

While it is desirable that abuses should be corrected and that living standards should be improved, this type of legislation is resulting in the prefferment of the urban population at the expense of the rural. The time has come when we must consider whether we can maintain a standard of living arbitrarily set up. With a large part of our agricultural products being sold on an open world market in competition with countries having a very much lower standard of living, the result being that the standard of price is set by the country with the lowest living costs.

With little or no co-ordination of marketing the tendency now is for the world market to set the price for the domestic market, and this, in view of increased costs agriculture is now subjected to, means ruin.

There are two methods by which we believe that the privileges now granted urban workers may be extended to the agriculturalist. The first is for the

government to become the guarantor of farm prices and underwriter of excess farm production, a course which we would certainly not recommend. The other method for which our brief has been presented: - to place the primary responsibility directly on the farmers themselves, under the principle of majority rule, so that they may decide, with full knowledge of the facts of surpluses, scarcities, world markets and domestic needs; what the planting of each crop should be in order to maintain a reasonably adequate supply to assure a minimum adequate price.

In the treatment accorded to agriculture up to the present time there appears to be an indifference which is hard to understand when the value of the industry in relation to the total national wealth is considered. The value of the agricultural products of Canada for 1936 was over one billion dollars, (1,061,624,000) while the total national income was slightly over four and one half billion (\$4,656,000,000) so that agriculture produced almost one quarter of the national wealth. For the year 1936 of the total export trade, 45.6% was accounted for by agricultural products. For the year ending 31st March, 1937, the value of agricultural products was \$423,163,000.00, nearly half a billion dollars brought into Canada by this source. To revert to this province, which is not generally thought of as an agricultural province, the income from this source stood in first place in 1934, over forestry, minerals and fisheries with a value of 46 1/2 millions of dollars. In subsequent years, returns from agriculture have been maintained and increased, but it has dropped from first place to second and third in 1935 and 1936, respectively,

below forestry and minerals. The point we wish to make most strongly is that the national and provincial income from agriculture can be produced year after year with no depletion of natural resources, whereas returns from forests, mines, and fisheries represent a diminution of assets, and increase in their production merely means an acceleration of their depletion. By this outline we hope to show the value of agriculture in relation to other sources of national wealth."

To aid the case of agriculture and to place its producers on a par with industrial workers, it is necessary to raise the farm income. Through figures prepared by Mr. R.J. Deachman and delivered in a speech in the House of Commons recently it was shown that the average farm income in 1936 in the province of Ontario was \$360 per annum. From an agricultural standpoint, that is a favoured province both from a production and marketing point of view. As this \$360 was an average income, a large proportion of producers did not even realize this sum. It would be fair to assume that the state of affairs in Ontario might reflect conditions throughout the Country.

Assuming this is substantially correct there is no argument to the suggestion that such an income is insufficient. What we would like to show is that such insignificant incomes, while deplorable from the standpoint of the farmer himself, must be against the national interests in that so large a part of our population is thus deprived of a purchasing power which under better economic conditions would be the most important for the urban industrialist.

In support of this argument we would point out

that throughout the depression the farmer has at least been able to feed himself and his family, therefore an increased income would not result in increased expenditures for foods to the extent that it would increase the demand for manufactured articles which he cannot produce. That the farmer is already a large factor in the employment of labor and manufactures may be shown by the fact that in the preparation and marketing of his products the value of his commodity represents only a small part of the price the ultimate consumer pays. As an instance, a #2 can of loganberries contains 12 oz. of fruit for which the grower received last year in this district $4\frac{3}{4}\%$. The cost of the finished article on the local retail market being .17¢. Similarly in a 4-lb tin of pure strawberry jam the value of the farmer's product is 15¢ in an article retailing from 55¢ to 60¢. In these cases the difference is made up in cost of sugar, cans, labour, labels, transportation and selling commission. In the case of fresh fruits the difference is not so great. For instance, a box of apples for which the grower receives 40¢ in the Okanagan would cost the consumer \$1.65, all charges paid in Calgary. From this it will be seen that to increase the farmer's returns 25 or even 50% does not mean an increased cost to the consumer of this amount. Thus a 25% increase to the loganberry grower adds but a fraction over a cent to the can of logans which the consumer buys. The same increase in strawberries would add less than 4¢ a tin to the jam, and on fresh fruit such as the instance quoted on apples, it would raise the price from \$1.65 per box to \$1.75. As these

figures for fruits allow nothing to the producer over his production costs, it will readily be seen how even a small increase would place him in a position to reap some return on his investment and vastly increase his spending power by adding a comparatively insignificant amount to prices which the consumer is asked to pay."

The actual value of the products is very small, and at the present time these figures I have quoted merely cover the cost of production. There has been no margin for some years in the returns to the grower, consequently, his properties and building and equipment have deteriorated greatly, and the replacements have not been made.

We feel, therefore, that if by some means we may regulate the marketing of our products, whereby we can increase our prices so that a certain margin will be left over and above the actual cost of production, it will not hurt the consumer a great deal, and yet it would add greatly to the amount of materials which this great body of our population could consume, and are in the market to purchase.

THE CHAIRMAN: You mentioned one point, the increased cost to the farmer, and the drift from the country to the city due to social services. Social service is a question of the Provincial Government developing them, is it not?

MR. OLDFIELD: Yes. Our particular point in that regard is that we feel that we have no objection to the improvement of conditions, but our main objection in this country, for instance, is, it is not uniform, and we are in competition within our own country with different rates of minimum wage, which interfere greatly with trade.

THE CHAIRMAN: Thank you.

MR. HASKINS : Without any introductory remarks, Mr. Chairman, I turn to page 2 of our brief. I will deal strictly with the changes which we suggest might be made

with benefit, in the constitution:

"Section 91 of the British North America Act provides that the Parliament of Canada shall have exclusive legislative authority extending to all matters coming within the class of subjects following, that is to say: -

(2) The regulation of Trade and Commerce.

Section 92 of the Act provides that in each province the Legislature may exclusively make laws in relation to matters coming within the classes following, that is to say: -

(13) Property and Civil Rights in the Province.

(16) Generally all matters of a merely local or private nature in the Province.

Section 121 of the Act provides that: -

121. All articles of the growth, produce or manufacture of any one of the Provinces shall, from and after the Union, be admitted free into each of the other Provinces.

It is apparent that sub-section (2) of section 91, granting to the Dominion Parliament exclusive legislative authority extending to all matters relating to 'The Regulation of Trade and Commerce' would, if no limitation is placed upon that sub-section, virtually annul the exclusive legislative authority of the provinces with respect to 'Property and Civil Rights in the Province'.

and

'Generally all matters of a merely local or private nature in the Province.'

I do not think I need elaborate on any of that at all. It is quite apparent that trade and commerce touches almost every aspect of provincial life, and that if no

limitation is placed on the generality of those words you completely swallow up practically all the provincial powers.

"This apparent conflict of the authority of the Dominion Parliament and Provincial Legislatures has resulted in litigation which began shortly after Confederation and has continued until this date, and is still continuing.

The judicial interpretations given to subsection (2) of Section 91; and subsections (13) and (16) of section 92, have made it clear that subsection (2) of section 91 is not to have that literal meaning which would swallow up the authority of the Provincial Legislatures, but the judicial interpretations, although involving a very large number of cases carried to the Privy Council and the Supreme Court of Canada extending over a period of sixty years, have not clearly defined the respective jurisdictions of the Dominion Parliament and the Provincial Legislatures with respect to those sections."

In 1927 an Act was passed by the Provincial Legislature, called the Produce Marketing Act. With your permission, gentlemen, I would rather speak of this than read it.

THE CHAIRMAN: We are familiar with those judicial decisions relating to marketing. We have had them represented elsewhere, so that you might state your contentions in reference to the matter, Mr. Haskins.

MR. HASKINS: Yes. Departing almost entirely from the reading of the brief, my Lord, we take this view: First, that it is not so much what was intended by the British North America Act, as what ought now to be done with respect to it. Therefore, while it is of some value to look to the past and see what the judicial

interpretations of the Act have been, we are not so much concerned at this time with what the Courts have thought in the past, but as to what ought to be the respective jurisdictions. And that takes us down to page 4 of the brief, where we say that we are not concerned, before this Commission, with the matters of Dominion and Provincial relationship,- At the bottom of page 4 we begin our submissions,- but only with the constitution of Canada as it concerns us as primary producers, or producers of agricultural products.

Mr. Oldfield has laid the foundation in attempting to show the Commission the necessity for some type of legislation which will improve the lot of agriculture throughout the Dominion. Then, coming down to the Constitution, we respectfully submit that the question of legislation concerning the marketing of agricultural products produced within the province is one which should be viewed entirely from the point of view of the benefits to be derived from such legislation by the producers of the product. That is one of the reasons why we submit the matter should be one for provincial legislation. That type of legislation is designed, as is stated in all the acts, for the purpose of improving the conditions under which such natural products are to be marketed, - to improve the position of the agriculturist. We would not like it to be thought that we have no regard whatever for the interests of the consumer, because whoever is in charge of the administration of one of these acts is really in business on behalf of a large number of producers, but he is in commercial business, and it is a maxim of commerce that the producers' interests must be almost paramount. The point I am making is that the purpose of the legislation, while the consumers' interests must always be safeguarded, is to

safeguard and improve the position of the agriculturist, or the producer.

Now, those producers are residents and citizens of the province. That is the first reason why we say the matter is one for the provincial legislature.

"The question of the regulation governing trade or commerce carried on in agricultural products is a matter of purely local or provincial concern".

THE CHAIRMAN: Why do you say that? Speaking of inter-provincial trade, is not that a question of national concern?

MR.HASKINS: I submit not, my Lord. The form of regulation under these acts is usually required because the volume of products is greater than the market is able to absorb at any particular time. The regulation is designed to suit the flow to the market, - to the demands of the market. That is the primary object of most of this legislation. The regulations have to do with the quantity that can be put on the market at any given time. That does not seem to me to be a matter of national concern.

Dealing with Inter-provincial trade, that is the thing we have to deal with in respect to the constitution more than anything else. It is difficult to see how it can be a matter of national concern; on what terms a man, let us say in Quebec, and a man in British Columbia agree to buy and sell apples.

THE CHAIRMAN: If the man in Quebec is buying "B.C. apples", then it does become a matter of National concern, - interprovincial concern.

MR.HASKINS: I submit, my Lord, it is a matter of the concern, if it comes to the legislature, of the legislature of Quebec and the legislature of British Columbia.

THE CHAIRMAN: Yes, but they cannot deal with inter-provincial trade.

MR.HASKINS: Not as the law stands now. What we are suggesting is the reason why that law should be changed, so that those things could be done.

THE CHAIRMAN: Then you would have nine water-tight compartments, so called, in connection with trade.

MR.HASKINS: It would only amount to this, my Lord: That the province of British Columbia would lay down the terms and the conditions on which the citizens of that province would carry on their business. The province at the point of reception would lay down, if the product entered that province, the terms and conditions under which it could be disposed of in that province. But I do not say that type of legislation for the province of British Columbia should lay down any rules to govern the citizens of any other province. Our submission is, when the provinces are given the power to pass this legislation, no province could lay down the conditions under which apples could be purchased in Quebec, but we should, we submit, be entitled to say the conditions under which they could be sold in British Columbia.

COMMISSIONER DAFOE: Could they prohibit their importation?

MR.HASKINS: Not the importation, but the exportation. I submit, with deference, they have the power to prohibit the exportation of anything.

COMMISSIONER ANGUS: Would you allow the other province to prohibit the importation?

MR.HASKINS: No, I submit, dealing now on what ought to be the constitution in Canada, that it is a fair and proper thing that as long as you have provinces and provincial legislatures, the provincial legislature ought

to be entitled to pass a law saying that no firearms could be imported into this province; if they found that was the only means of stopping the carrying of firearms, it seems to be a fair and proper thing for them to do.

COMMISSIONER DAFOE: The Dominion looks after the control of firearms.

MR.HASKINS: In certain instances. There is an illustration here, taken from one of the Privy Council cases, where they point out that very distinction, at page 6 of this brief. The Privy Council pointed out that you must be very careful in the division of those jurisdictions. Might I just read that?

THE CHAIRMAN: We are familiar with that. It is a very old and oft quoted passage.

MR.HASKINS: Well, that, I think, illustrates it as well as anything else. Let us take this question: Suppose in one province, for some reason, the citizens have taken to the practice of all carrying firearms, and they wanted to prohibit it, it would be almost impossible for them to prohibit that, in the present constitution, because while they might pass a law that no person in this province can sell firearms to - let us limit it to youths of less than twenty-one, - you might say no merchant in this province could sell firearms to a youth under twenty-one, that would be absolutely useless if he could simply send a mail order to a mail order house in the adjoining province, and import the firearm. So you must couple with that the power to prevent the importation of those things, into the province, which are thought to be undesirable. But we must assume no legislature is going to wilfully and maliciously prevent the importation of something its own citizens desire.

COMMISSIONER DAFOE: Would this case apply: That a person in Montreal, or an organization in Montreal, that wanted to buy a product of British Columbia, and the person in British Columbia was willing to sell, that a power should reside in the province to prohibit the transfer?

MR.HASKINS: If it was in the interest of the citizens of the province to do so, I submit that is so.

THE CHAIRMAN: The logic of your position is this: That each province could prohibit goods going out and coming in from the other province. You destroy the very basis of inter-provincial trade and commerce in Canada.

MR.HASKINS: With the over-riding power of the Dominion, where the matter was one of general concern, to deal with the matter.

THE CHAIRMAN: Which the over-riding power of the Dominion today prevents. It is not intended we should have nine water-tight compartments. This is one country, - Canada, and these provincial boundaries are matters historical or for convenience of administration. As far as trade and commerce is concerned it is intended to flow freely throughout Canada. To suggest that one province should have the right, or all the provinces, - because they have to be all treated alike, - that they should have the right to legislate to prohibit goods from any other province coming in, or goods going out to any other province, is a very difficult proposition to sustain, I should think.

MR.HASKINS: Let me give the Commission an illustration of where it might and ought to apply. We have in this province a pest in apples, known as the Codlin Moth, which is one of our most difficult problems, and a pest which every other province is certainly desirous of avoiding.

If it is suggested that goods must necessarily flow freely from one province to another, no province has the right to deny the importation into the province of anything. That is where we would get if we say they have not the power. Then there would be nothing whatever to prevent some person buying apples which were infested with this pest, and bringing them into this province.- Let us reverse the situation, and suppose those pests were in the Province of Alberta. We are dealing with the abstract principle of whether they ought to have the power to prohibit imports.

THE CHAIRMAN: When you reach the question of health you raise quite a different question, an entirely different question.

MR. HASKINS: My Lord, it is not a question of health at all. I submit it is a question of a protection of the orchards in this province. Of course, you then get down, under our present constitution, to property and civil rights, but you have the over-riding which your Lordship mentioned, that we should not be entitled to prevent importation.

THE CHAIRMAN: I am not suggesting the law should be different from what it is, but I am suggesting that the proposition you made, that each province should have the right, if it chose to exercise it, to prohibit shipments of goods from another province, - either in or out, - is one which, as I say, is very difficult to sustain, and one which I should think you would find relatively few people throughout Canada would support. I may be wrong in that, but that is my personal impression.

MR. HASKINS: Let me illustrate it another way, if your Lordship will permit. We have had for many years an Act, a Federal Act, which under the present constitution

I think, undoubtedly is invalid, constitutionally, providing for the inspection of fruit. The result of it is that there is a certain quality of fruit which is not permitted to be marketed at all, amongst them, those apples infested with the Codlin Moth, and certain other apples. It is necessary and desirable, where you are in an economic condition such as we are, where we produce twice as much as the market of Canada will absorb, that this province ought to be entitled to say what quality of apples can be marketed. Now, without the right, as I suggested in this brief, in the province to prohibit the exportation, it would be impossible to grade our apples at all for the markets. Within the province we would have a right to say this quality of apples cannot go on the market at all, but any grower or producer who did not have the interests of the industry at heart could export those apples into any other province. That brings me back again to the right Alberta ought to have, - taking the two adjoining provinces, - to say this kind of fruit must not come in here at all. And that is a matter of trade as well as a matter of property and civil rights within the province.

COMMISSIONER DAFOE: If you extend that over the whole line of trade in Canada, the province of Alberta could say that mowing machines should not come in, that they want to produce them at home. What you would have would be nine protected areas, making war on one another in the Dominion of Canada. If you make it possible to apply this principle universally, - there might be some logical difficulty in having it applied to a particular section, - it seems to me you have to interpret those things in their ultimate application, and into wide areas, and this is a doctrine which would make Canada - at least it seems so to me, - a collection of nine tariff controlled areas,

capable of prohibiting imports and exports in keeping with what would be regarded as a provincial interest, which would be analogous to the present economical warfare of the world, where restrictions on trade, as between countries, are built up in the supposed interest,-- and perhaps in many respects in the actual interests, of the particular country. It is an attempt to apply to Canada the economic warfare which is now raging throughout the world. That seems to me to be the purport of the argument, although it will be our duty to listen to your representations and to give them full consideration.

MR.HASKINS: Well, sir, there are two answers to your remarks. The first is, we have been careful in this brief to confine our remarks entirely to agricultural products, having in mind exactly what you said. We do not speak on behalf of trade and commerce at all. The submission we are making as to the changes in the constitution provides only for this type of legislation with respect to the primary products. Secondly, you have the safeguard of section 121, if you still maintain the constitution and maintain section 121. It would be ~~within the~~ duty of the Dominion to step in and see that no tariff barriers were erected under the guise of legislation concerning trade and commerce.

THE CHAIRMAN: You do not need tariff barriers if you can prohibit them entirely.

MR.HASKINS: If the prohibition was merely a colorful method of erecting a tariff barrier, section 121 would prevent it. Section 121 could be amended so that it could be made workable to prevent it. No further remarks, I take it, need be made as to that part of our submission.

All of these submissions on pages 2, 3, 4, 5, 6, and 7 have to do with the things we have discussed. On page 6

we make a statement as to the change we think ought to be made in the constitution to provide that provinces have the right to pass this type of legislation. At the bottom of page 6 is the suggestion that the right of the Dominion as to its control of trade and commerce should be so stated in the constitution as to fall into line with the judicial interpretation. As it stands now, it simply gives, in its literal sense, the Dominion control over all trade and commerce. For sixty years that has been whittled down until no one knows how far it has been whittled down. Our suggestion is, it should be stated in the constitution just what is left in it.

THE CHAIRMAN: Whittled down further.

MR. HASKINS: No. In this last submission we say :
 "The general regulation of trade and commerce in such matters as may affect the interest of the Dominion as a whole and in matters of export or import."

We should say specifically in the constitution what it does mean, because it quite obviously does not mean what it says.

Now, the next has to do with the matter of taxes, but only to this extent: On page 7, - "In the administration of this type of legislation it is necessary to provide for the expense of the administration". In the provincial Act of 1927, the basis was a levy per unit of volume, - per pound or per box, or something of that sort. That was held by the Privy Council to be an indirect tax. The same powers were in the Federal Act, and there it was not questioned, because the Dominion Parliament had the right to make that provision, but the Act was upset on other grounds. So that we suggest that the Province be given the right to provide, in this

type of legislation, - that is paragraph 7:

"It is therefore respectfully submitted that Section 92 of the British North America Act should be amended by adding the following, or a paragraph expressing the following: -

With respect to legislation concerning the control, regulation or prohibition of trade and commerce in any agricultural commodity, in order to the raising of a revenue for defraying the expenses of the carrying out or enforcement of such legislation, to impose charges, tolls or levies, whether the charges, tolls, or levies so imposed are, or may be deemed to be, a mode or system of direct or indirect taxation."

The question of whether they are direct or whether they are not direct should be specifically dealt with in the constitution.

Now, with respect to section 121, I will be very brief. Your Lordship and the other members of the Commission are familiar with what the brief sets out, - the uncertainty as to its meaning today. The words used in section 121 is that different products shall be admitted free into each of the other provinces. As your Lordship has suggested, that means there should be a free flow between the provinces... It has been suggested by constitutional writers that that is not the meaning, but that it means free of tariff barriers.

THE CHAIRMAN: Of course, I did not intend to pass any opinion on those two conflicting views, as to the meaning of that section. I only intended to say that the whole design of giving the Dominion jurisdiction over trade and commerce is to provide for the free flow of commodities.

MR. HASKINS: Our submission is that that section ought

to be so amended as to clearly point out it is intended to prevent tariff barriers, and to take away the meaning of "Freely" as suggested by Mr. Justice Idington.

Now, there are two other suggestions. Section 94 as it stands today, provides this:

94. "Notwithstanding anything in this Act, the Parliament of Canada may make provision for the uniformity of all or any of the laws relative to property and civil rights in Ontario, Nova Scotia and New Brunswick, and of the procedure of all or any of the Courts in those three provinces; and from and after the passing of any Act in that behalf the power of the Parliament of Canada to make laws in relation to any matter comprised in any such Act shall, notwithstanding anything in this Act, be unrestricted; but any Act of the Parliament of Canada making provision for such uniformity shall not have effect in any Province unless and until it is adopted and enacted as law by the Legislature thereof."

THE CHAIRMAN: That is, the uniformity of laws relating to property and civil rights in the common law provinces.

MR. HASKINS: Yes. It has been understood since the section was originally drawn to include only three provinces: New Brunswick, Ontario and Nova Scotia, - that is, as the section stands today it includes only the three provinces. Our suggestion would be that it would be of material benefit if that section were redrawn to include all the other provinces. There is a grave question as to whether British Columbia is included in the section today.

THE CHAIRMAN: You mean all the common law provinces; you do not intend to interfere with Quebec?

MR.HASKINS: No.

THE CHAIRMAN: When you say that doubt has been raised, has it come up in any court for consideration, do you know?

MR.HASKINS: No, it has not been brought up in court.

The other suggestion is, while the Dominion now has the power of disallowance, the veto power, a great many of these constitutional questions could be settled, and litigation and expense avoided if power were given to the Dominion not only to disallow, but to allow. If, in the opinion of the Parliament of Canada, a provincial act was a proper act, they should be given power to allow it, where they now have the power to disallow it.

THE CHAIRMAN: That is a new and interesting suggestion.

MR.HASKINS: Yes; I do not press it except to say, my Lord, there seems to be no greater usurpation of judicial function in the power of allowance than in the power of disallowance.

THE CHAIRMAN: But you do not mean to transfer from the Courts to the Governor-General in Council the determination of whether an act of a province is ultra vires or not, because as I understand your submission, it is to permit the Dominion, by this action, to give validity to provincial legislation, which otherwise might be ultra vires.

To what extent does your Association represent the farmers of British Columbia?

MR.HASKINS: I am sorry to say a mistake occurred on the first page of the brief. It says: "represent all of the organized farm associations in Canada." That was

in reference to the Canadian Chamber of Agriculture. The Provincial Chamber of Agriculture represents practically all of the organized farm associations in the province of British Columbia.

THE CHAIRMAN: How far are the farmers themselves represented in those associations, can you tell us?

MR.HASKINS: The dairy farmers are represented to a large extent in their own association, which is represented in the chamber, and in their co-operative organization, which is a member of the Chamber. The fruit farmers are all organized into one organization of fruit farmers. The berry growers and other growers of that kind are organized into what they call a Coast Growers Association, representing nearly all the berry growers in the lower parts of the province, and the Association is a member of the Chamber. We have in British Columbia an institution known as the Farmers Institution, which theoretically is intended to represent all mixed farmers, - those who do not specialize. The Farmers Institution have a council of their own, which meets annually, and they have many times passed resolutions endorsing the principles of the Chamber, but it is not a member for the simple reason they have not the money for the fees, otherwise they would be represented.

THE CHAIRMAN: Your price is too high?

MR.HASKINS: Twenty-five cents a year, my Lord.

THE CHAIRMAN: We will adjourn to 2:30.

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

THE CHAIRMAN: The next brief on our list is the Greater Vancouver Youth Council.

SUBMISSION OF THE GREATER VANCOUVER AND NEW WESTMINSTER
YOUTH COUNCIL

MR. JOHN STAUTON, was called.

Mr. Chairman and Gentlemen: I have the honour to present this brief on behalf of the Greater Vancouver and New Westminster Youth Council. It is divided into five parts: Introductory, also a part dealing with the British North America Act and general remarks on the status of Canada, and a section on Education. I am dealing with those three. My colleague, Mr. Jopson, will deal with the last two sections, one dealing with Employment and the other with Taxation.

By way of introduction, I might say that the Halifax Youth Council, the Kitchener Youth Council and the Youth Council in Victoria all wish to be associated in the presentation of this brief. They have all read it and they concur generally speaking with its ideas.

The Vancouver Youth Council itself is a federation of approximately 45 young peoples' groups in the Greater Vancouver area and it has taken considerable pains in preparing this brief to secure^{as} wide an expression of youth opinion as was possible and consequently we believe that this brief does represent the point of view of a considerable majority of organized young people in British Columbia.

In drawing up our brief we make two fundamental assumptions:

- " (1) Unemployment, inability to marry at the proper age, and the prevalence of avoidable crime

"are three among a number of conditions which particularly affect youth and which are recognized as undesirable. We assume that such conditions as these can be remedied, and remedied in large measure by legislative action which will involve certain changes in the British North America Act. We urge that no suggestion of constitutional inviolability should stand in the way of an ordered social progress, in which the welfare of the whole people must be a primary concern.

(2) We assume that a generation of youth which can look to the future with a confidence based upon assurance of a normal, happy life constitutes perhaps as great an asset as any country can possess. We believe that any 'investment in youth' will in the long run pay greater dividends than any other investment, and we welcome recognition of this fact in the recent Dominion-Provincial schemes for youth rehabilitation."

Concerning our general remarks on the status of the Dominion of Canada and on the British North America Act:

" Our Council firmly believes that the time has long since passed when responsible persons in the public life of Canada should with impunity pander to the worst elements of sectionalism and provincialism. Canada has existed as a political entity for 71 years, and we consider it is high time that she cast off the cloak of disunity and became a nation in fact as well as in name.

To achieve greater national unity, we propose firstly, complete autonomy for the Dominion in respect of its international status, and secondly, larger powers in certain fields of Dominion-Provincial relations."

I know the Commission is not, strictly speaking, investigating the international status of Canada, but the Council did feel that in particular the angle of that with which we deal, that is, the power to declare war, has and will continue to have, repercussions within Canada perhaps of such proportions as to materially affect inter-provincial relations and the peace, order and good government of the Dominion. We therefore deal with this question briefly:

" In some aspects, internationally, the status of Canada is not yet clear. Despite provisions of Section 3 --"

That is an error in the brief, it should be Section 3, and not Section 4.

"...of the Statute of Westminster (1931), widespread doubt still arises whether, if Great Britain declares war, Canada is not by that act legally bound without any legal power of controlling or altering such declaration. We consider that early passage of such a 'Status Act' as would ensure to Canada the powers which the South African Status Act assures to the Union, is highly desirable. We understand that this would give Canada a Great Seal and the unfettered power to declare war and conclude peace."

I may say in passing, Mr. Chairman, that my colleague, Mr. Jopson, wishes to disassociate himself with that particular paragraph. However, the paragraph passed by a very large majority at the last Council meeting, although not unanimously.

THE CHAIRMAN: Of course, Canada could secure a Great Seal without this additional power.

MR. STAUTON: I beg your pardon?

THE CHAIRMAN: I mean it is not necessary that a statute should be passed in order for Canada to secure a Great Seal.

MR. STAUTON: Possibly not for a Great Seal, but surely for the power to declare war or to conclude peace as an independent nation.

With respect to appeals to the judicial committee of the Privy Council:

" Controversy has also arisen on the propriety of taking to the Judicial Committee of the Privy Council appeals involving constitutional issues, and there are grounds for believing that it would be in keeping with the best interests of Government in Canada if:

(1) the British North America Act were so amended as to place the power of further amendment in Canadian hands; and

(2) if accompanying such amendment it were determined to test the constitutionality of future legislative acts not by appeals to the Judicial Committee of the Privy Council, but rather by reference to the appropriate Canadian Court.

In explanation of this attitude we would point out that in recent years the effect of most decisions handed down in cases involving, respectively, Dominion and Provincial powers, has been to augment those of the latter at the expense of the former. A question then arises whether it is proper to effect constitutional limitations by a process of judicial decision culminating on the other side of the Atlantic, rather than by a process of legislative enactment wholly carried out in Canada. The familiarity with Canadian

"conditions possessed by a Canadian tribunal, as opposed to that possessed by the non-Canadian members of the Judicial Committee, is an added reason for wishing to determine constitutional questions within Canada.

Of cases where specific amendments are desirable, two examples may be cited:

(1) Section 132 covering the so-called 'treaty-making power' of Canada. Attention has been called elsewhere to the extraordinary effect of two decisions --"

Or perhaps I should say two series of decisions,

"...of the Judicial Committee. So long as authority to advise His Majesty was vested solely in H. M. Privy Council in England, it was held that Canada could give full legislative effect to any treaty binding upon units of the Empire. After Canada had obtained (pursuant to the proceedings of the Imperial Conference of 1926) the undoubted right to advise His Majesty directly, it was held (by the same authority) that the Dominion Parliament could not give legislative effect to certain treaty obligations binding upon Canada as an independent political entity.

The net effect seems to have been to impugn the competence of the Federal Government to implement its treaty obligations."

The second case where specific amendment might be desirable, Section 94:

"under whose provisions it would appear that a progressive unification of Dominion laws governing property and civil rights was, and is, intended. Provincial jurisdiction over property and civil rights

"has often been said to impede such unification. We do not believe that this view has an adequate foundation and suggest that by careful attempts to implement Section 94, some of the principal objections to useful amendment of the Act would be removed."

And finally this matter of racial discrimination. I should add on this one point that one member group of the Council wishes to disassociate itself with this section, the Vancouver section Young-Liberal Association.

THE CHAIRMAN: All the other groups support it, do they?

MR. STAUTON: All the other groups, through their delegates, have supported this paragraph:

" As a further means of achieving national unity, we urge that a greater measure of protection be granted to various minority groups in Canada, especially in the matter of discrimination which is practised against those persons of certain races now living in Canada. As an example of what we mean by 'discrimination' we would refer to the status of persons of Oriental race born in Canada. The protection which we suggest should be afforded to such groups would, of necessity, be provided by the Federal authority."

As a possible example of the type of protection to which we refer one might perhaps suggest the establishment of a Royal Commission by the Dominion to investigate the status of the Oriental races in Canada and other minority groups and to publish its findings in a series of factual statements, and subsequent to the publishing of such report, the prohibition by the Federal authority of any scurrilous material directed against such minority group.

That is to say, if material was published which did not agree with the factual finding of the Royal Commission, the person publishing those statements would open himself perhaps to civil action for libel in the Courts.

THE CHAIRMAN: I note here, "the protection which we suggest should be afforded to such groups would, of necessity, be provided by the Federal authority." That would be true in a measure if they were not naturalized, if they were still aliens, but once they are naturalized or are British Subjects, then their civil rights would be determined by the Provincial Legislature.

MR. STAUTON: Yes, but we felt that that protection is or has been in the past in some cases inadequate - a very regrettable state of affairs perhaps, but nevertheless true.

With respect to educational matters: Education at present is a provincial responsibility, and that arrangement was quite adequate in the early days of Confederation when the provinces were much closer-knit units and did not have so much inter-dependence, one upon the other.

" At present some of our Canadian provinces are without resources sufficient to provide the equipment, teachers' salaries and student assistance necessary to the adequate education of their children." Particularly is that true of Saskatchewan to-day. "It will be necessary somehow to supply them with the means of carrying on their educational work.

There are many administrative and teaching difficulties involving confusion and loss of time, caused directly by student and pupil movement from one province to another. We feel that these difficulties will be solved only by the adoption of

"a basic course of studies to be put into effect throughout the Dominion. Such program of studies, too, followed simultaneously throughout the provinces would enable teachers to make effective, large-scale use of national government radio and like facilities.

We feel that these needs can adequately be satisfied by the establishment of a Federal Department of Education designed to co-ordinate the work of the Departments of Education in the provinces; to investigate the possibilities of establishing a Federal Department of Education with administrative powers; and to give financial aid to those provinces now unable to supply an adequate program of education, always providing that these are attempting to put into effect a program equal at least to a minimum standard set by the suggested Federal Department."

I would like to make quite clear we do not suggest a Federal Department with any administrative powers, simply powers of recommendation and powers of co-ordination, the administration of course to be left in the hands of the provincial department. We would also perhaps call to your attention the existence in the United States of the Federal Department of Education which I understand has done very valuable work indeed towards ironing out some of the duplication which exists between the various State Departments. Perhaps the example of that U. S. department would be useful in Canada.

With reference to the Bi-lingual Standard:

" It is our opinion that, in addition to solving the difficulties mentioned above, the establishment of a Federal Department of Education should prove

"valuable as a means of promoting much-needed consciousness of a Canadian national unity. In this connection, we feel most strongly that there is evident a great need to take steps to facilitate the coming together of the two great ethnic groups constituting the Canadian nation; and that the first of these steps should be the development of mutual understanding. Here a Federal Department of Education could render a major service by requiring of all normal students that they learn both the French and the English languages. Then would be realized, as an actual fact, the bilingual standard of Canada."

COMMISSIONER ANGUS: By "normal students" you mean students in normal schools?

MR. STAUTON: No, I am sorry.

COMMISSIONER ANGUS: Every student in Canada?

MR. STAUTON: Any student who is not sub-normal.

THE CHAIRMAN: Would that not be getting into the administrative field? I mean, desirable as it may be, would not that be getting into the field of the province?

MR. STAUTON: It would. Such a federal Department of Education as we suggest could only make recommendations to the various provincial departments; it would be up to them to institute or not such courses.

With reference to Universities:

" The universities, too, we feel, could profit by some active interest on the part of the Dominion Government. Universities, and the communities served by them, have expanded greatly in recent years, and will continue to do so in the future. Consequently the services rendered by them should expand to an equal measure. Unfortunately many of them continue

"to be handicapped by inadequate staffs, library facilities and research equipment with the result that the high standards heretofore maintained are being endangered. Assistance from the Dominion Government to all Canadian universities should have the effect of publicizing and co-ordinating many of their efforts to give better educational services to their respective communities."

THE CHAIRMAN: So that one will get a little more clearly in mind exactly what the views of the Youth Council are, what form would this assistance take? Through this Dominion Council of Education, or are you thinking of financial assistance? What is the particular assistance you have in mind?

MR. STAUTON: We had in mind chiefly financial assistance to the universities in the form of grants. Possibly the establishment, through such a Federal Department of Education as we have mentioned, of a series of Dominion scholarships for really deserving students who are unable to pursue their studies in universities, things of that sort.

THE CHAIRMAN: Might not the grants by the Dominion ^{with} for education carry/it the right or the claim to the right to set the standard? And does not that involve an invasion of the provincial field?

MR. STAUTON: If the grant carries with it the right to set the standard it would very definitely invade the provincial field, but there are, I believe, numerous cases of subsidies or grants by the Dominion which do not necessarily carry with it the right to set the standard or the right to administer the funds granted.

THE CHAIRMAN: I think most of the grants - Mr. Hart can tell us on that. Most of the grants involve some measure

of standards, do they not, Mr. Hart?

HON. MR. HART: I could not say.

THE CHAIRMAN: All grants by the Federal Government towards provincial objects, special grants, do contain some provision as to standards?

HON. MR. HART: Oh yes, Mr. Chairman.

COMMISSIONER ANGUS: I gather you are speaking of a grant to the university itself, are you not?

MR. STAUTON: Not so much to the university itself as to specific projects which might be undertaken by a university, such as research work in a given field, grants of that description.

COMMISSIONER MacKAY: You are thinking of grants to a university rather than to a province in this matter?

MR. STAUTON: The grant would go to the university to be used by it for a certain specified project outlined in the agreement through which the money was given.

COMMISSIONER ANGUS: Such as are sometimes made by the National Research Council?

MR. STAUTON: Yes, precisely, only this would be formed as a matter of national policy and not just in occasional instances.

With reference to Vocational Guidance and Training:

" There is a problem of 'first employment' for the large number of young people leaving Canadian schools, technical colleges and universities each year, which is one of great social importance. In serving the needs of this group, an effort should be made fully to co-ordinate efforts at vocational guidance and studies of industrial aptitudes with the evident needs of business and industries in Canada.

There is also that vast number of young people who, having left school a few years ago and being unable

"to find employment, have lost the initial benefit of their education. The training at the present time provided under the Dominion-Provincial Youth Training Program, even though a step in the right direction, is entirely inadequate to meet the needs. We therefore urge steady enlargement of the scope of this program, and with reference to its administration we suggest an increasing use of the present advisory committees, on which all youth agencies should have representation.

Physical Education:

Of great importance to the progress of a nation is the physical well-being of its people. Unfortunately there are in Canada thousands of unemployed, and part-time employed, and low-salaried youth throughout the whole of the Dominion, who are unable to avail themselves of physical recreation through the existing facilities (that is to say, through private organizations). There has been in the Province of British Columbia an experiment in government administration of such facilities which has proved so successful that we believe they should be made available throughout the Dominion, both to fill these deficiencies and to nationalize sport in Canada. We suggest therefore, that the establishment of physical recreation centres be undertaken on a national scale. "

I might point out in passing that the present scheme in British Columbia embraces about 20,000 people, most of them, probably 16,000 to 17,000, are youth, and the per capita cost, I understand, of giving these people physical training and education through the Winter is something under \$3.00 per capita, which is a very fine

investment in the future of youth.

THE CHAIRMAN: Is that something you are recommending the provincial government should further develop?

MR. STAUTON: It should be further developed by the provincial governments but should be done on a national scale, so that you do not find one province developing physically away ahead of all the other provinces. There should be some effort towards keeping the development uniform throughout Canada. Possibly again a Federal Department of Education would be of some assistance in co-ordinating that work.

And then finally the International Co-operation in Education:

" In the field of international education, we have one suggestion to make. There was established by the League of Nations, the Institute of Intellectual Co-operation, whose only official channel of communication with Canada is through the Education Branch of the Dominion Bureau of Statistics. The universities of Canada have shown a reluctance to take the initiative in setting up a national committee to ensure a close and continuous collaboration with the Institute; and there is no other national agency that has so far succeeded in concluding a more satisfactory arrangement.

We contend that so long as this situation prevails the opportunities for the educational organizations of Canada to contribute to a community of intellectual understanding are being curtailed. Therefore we suggest that the interests of the Dominion of Canada as well as the building of a greater understanding upon an international scale would be advanced by the creation of a national committee

"on intellectual co-operation, and that it would be proper for the Government of Canada to undertake the initiative in this direction."

That brings me to the end of the section on Education and with your leave, Mr. Chairman, Mr. Jopson will present the remaining two sections of this brief.

THE CHAIRMAN: Mr. Stauton, first, as I understand it, all your recommendations on education are on the assumption and basis that there is no interference with the exclusive legislative authority of the province to deal with education?

MR. STAUTON: Quite.

THE CHAIRMAN: You are not suggesting any change in that respect?

MR. STAUTON: No.

THE CHAIRMAN: Because if it entered that field we would have no jurisdiction. Then, this reference you make to racial discrimination. That is also a matter, is it not, of policy or administration of the Dominion or provincial government or both.

MR. STAUTON: It is, really, Mr. Chairman, yes.

THE CHAIRMAN: Then we as a Commission are not authorized to pass upon either the Dominion or provincial policies in matters which are admittedly within their competence, and do not involve any question of a change in constitutional relationship.

COMMISSIONER ANGUS: There was a point that was raised this morning, when the Premier was speaking, with regard to having something corresponding to a Bill of Rights in the Canadian Constitution. When you speak of the protection of minorities, had you gone so far as to consider the question of giving them constitutional protection similar to that, for instance in the United States, where the right to vote cannot be restricted on the ground of race or colour?

MR. STAUTON: No, sir, we had not gone that far. We at no time considered the question of a Bill of Rights protecting citizens, among other things.

THE CHAIRMAN: Thank you, Mr. Stauton.

MR. JOHN JOPSON: Mr. Chairman and Gentlemen: In supporting the recommendations made in the second part of this brief, I am making the assumption that you have read it and are familiar to a certain extent with what it contains. So that in starting out I would like to give you the reasons why we come to reach those conclusions.

The recommendations are based on the fundamental assumption that the problem of unemployment is one of such broad ramifications that it has now become a Dominion responsibility. In British Columbia we have tried various methods of dealing with unemployment locally. In the early days of the depression we tried direct relief. Then we tried public works and projects, and we have tried absorption of labour into private industry. It was found that direct relief cost us a lot of money from which we got no results, that public works and projects were expensive, and when we throw the men out on their own resources it was found that private industry could not absorb the surplus labour. Therefore it is apparent that providing work for the surplus labour of Canada is a governmental responsibility.

We feel, too, that it should become a federal responsibility because the provinces themselves individually are unable to cope with the problem, since it involves migration and other economical aspects with which I will deal later.

We commend the federal and provincial youth rehabilitation programmes for vocational and occupational guidance and we suggest that along with this should go some sort of bureau

for counselling and placement, and an effort should be made towards the development of opportunities for young people to find employment.

In making this suggestion we would recommend that a youth employment service be made a part of the present employment service of Canada to deal specifically with youth problems and to act as a link between youth rehabilitation and placement, so that young people who graduate from schools which are being held will be able to find opportunity in some field of worth-while endeavour.

THE CHAIRMAN: Where would you draw the line between the youth and the man? You speak of the advisory committee pertaining to youth. Where do you draw the line, broadly?

MR. JOPSON: It is impossible to draw the line actually between youth and the older people, but mentioning this youth employment service, that would be specifically for the purpose of linking up the vocational guidance with placement, and vocational guidance would be given to those young people who needed it the most and I doubt whether the older people would take advantage of the occupational training which is given under the present set-up.

THE CHAIRMAN: That should be a local council, should it not, where the training is being done and where the positions may conceivably be open?

MR. JOPSON: I understand, sir, that the employment service of Canada is a Dominion-wide service under the control of the Dominion government, that a youth employment department or bureau within that service would deal with problems locally.

THE CHAIRMAN: It just so happens that the employment service is not yet Federal, it is still provincial, although it has been suggested it should be Federal.

MR. JOPSON: In making that recommendation too, sir, we suggest that youth advisory committees should be set up so as to act as a medium of finding out from social service agencies, from youth organizations and other interested groups, what the requirements of young people are.

We feel also that if the problem of unemployment still remains acute, that the Federal government should undertake projects such as housing to provide adequate accommodation particularly to low-income groups where the need for better housing is more apparent, and secondly for training in mining, forestry and farming, to give an opportunity for youth to learn more about the basic industries of our province and throughout the whole of Canada.

THE CHAIRMAN: What is being done at the present time? There is some work being done along that line at the present time, is there not, Mr. Jopson?

MR. JOPSON: Yes, the provincial government of British Columbia has forestry training camps and placer mining courses.

THE CHAIRMAN: You think there should be agricultural training camps?

MR. JOPSON: Not necessarily for British Columbia but we think that type of training is very commendable, but training of that type on the prairies, farming, and in the Eastern provinces some sort of industrial training commensurate with the needs of that particular province should be undertaken on a Dominion-wide scale.

Then again we suggest the need for roads and bridges to meet the needs of modern travel.

We realize that this will take money but we do not think it is beyond the power of the Dominion Government

to raise that money should it so desire.

THE CHAIRMAN: How do you suggest, or have you considered how they might raise it?

MR. JOPSON: I will come to that later, if you don't mind, Mr. Chairman.

THE CHAIRMAN: All right.

MR. JOPSON: The province of British Columbia in coping with the unemployment problem has also passed legislation such as minimum hours of work, apprenticeship acts and so on, which have raised the standards of living in British Columbia and put the Province of British Columbia at a disadvantage with other provinces which have not such legislation. That is, industries in British Columbia are handicapped to the extent that they cannot use sweat-shop labour such as is used in the East, and the low standard of living which is prevalent in some of the Eastern provinces, making labour cheap, hours of work long, put the Eastern provinces in a position to compete unfavourably with the Province of British Columbia.

THE CHAIRMAN: Have you the figures in reference to the Eastern Provinces, Mr. Jopson?

MR. JOPSON: In regard to that I would refer you to the Price Spreads and Mass Buying Report of 1934 under the Chairmanship of Mr. H. H. Stevens. I have not the figures here but they are contained in that report.

THE CHAIRMAN: Thank you.

MR. JOPSON: We feel that before a successful attack can be made on the employment problem in Canada, minimum wages, hours of work, and apprenticeship acts and such similar legislation to prevent exploitation of the workers should be standardized throughout Canada. We should try to reach a higher and more uniform standard of living, and if the inauguration of unemployment insurance

and early retirement schemes are necessary in order to cope with this problem, then they should be of national scope. Therefore we recommend that any amendments or changes in the B. N. A. Act should make it possible or give the Dominion power to enact the necessary legislation to control all the ramification of the unemployment problem.

(Page 5631 follows)

Now, with regard to the taxation, we as young people, do not wish to make any recommendation with regard to how the Dominion government should raise the money. This is something which should be done by the experts and our actuaries. However, we would like to make one particular recommendation, that is, that the present federal and provincial income tax be combined into one federal income tax. This income tax should be levied on the ability of the population of the province to pay. We feel, in this regard, that the eastern provinces which receive a fuller measure of protection for their industries, and their manufactured goods, do so to the detriment of we, the people who buy their goods. These provinces are in a favoured position and should pay a larger share of the income tax than the western provinces.

THE CHAIRMAN: They do so, at present; I think you will agree Mr. Jopson that the income tax is a tax levied upon individuals and corporations and it must be at the same rate, no matter where the individual lives. Do you not agree with that?

MR. JOPSON: Yes, I do. I probably did not make myself very clear on the point. If the province should gain that measure of protection largely by existing tariffs or future tariffs--if in the future British Columbia gets a better measure of protection than it does now, then the people of British Columbia who are getting a larger income because of that protection should have to pay their full share.

THE CHAIRMAN: I am only raising this point for the sake of clarity. At the present time, the federal income tax--every man, no matter where he lives in Canada, must pay income taxes, if he earns enough money. If a man

does not receive enough income, he is not subject to the tax. You see, it does not take into consideration, the locality. I did understand you to suggest that you should take into consideration localities, did you not?

MR. JOPSON: Possibly I am not making myself very clear on this point. I would like to read one particular section of the brief with regard to this matter. I quote from page seven, the second paragraph in our brief:

"We feel that this plan of a federal income tax on the ability to pay basis could be coordinated so that areas gaining maximum protection from present and future tariffs would make a contribution to the federal treasury in proportion to the protection afforded to them. A Royal Commission in the maritime provinces was, for example, informed by Hon. Norman McL. Rogers, that tariffs had cost the eastern and western provinces \$80,000,000. in 1931 alone. Figures produced by Dr. W. A. Carrothers, in his capacity as Economic Advisor to the British Columbia Government further reveal how this province has paid dearly for the protection given to industries in Ontario and Quebec."

I still see your point, Mr. Chairman, that the tax at the present time is levied upon individuals, no matter where they live in Canada. The suggestion that we are making is that the tax should be levied so that those provinces which are better able to pay should pay in proportion to their ability.

THE CHAIRMAN: It is not the provinces which pay, it is the individuals. It is quite true, that at the present time, the Dominion collects a very large part of the federal income tax from the people and corporations

residing or carrying on business in Ontario and Quebec. It does not make any difference where an individual resides, if he has enough income, he has to pay the tax. British Columbia comes third because the province of British Columbia has more people, save Ontario and Quebec, who are earning enough to pay income taxes.

COMMISSIONER ANGUS: Mr. Jopson, I think it would make it more clear if you were to read the paragraph before the one which you have just read.

MR. JOPSON: Perhaps it would, sir. I quote:

"In other words, under such a scheme the resident of the western and of the maritime provinces would pay little more, and perhaps less, than he is at present paying jointly in Dominion and provincial income tax. The residents of the central provinces, who are maintained by their ability to market their wares in the Atlantic and western provinces, would pay a considerably higher total income tax than they now pay, yet this tax would actually be on a unified level across the Dominion, all of which would tend to cement Canadian unity. It is also significant that the revenue from Dominion income tax for 1934 was only one-twelfth of the whole tax bill, while in Great Britain income tax represented one third, and in France one fifth, of the total taxes."

COMMISSIONER DAFOE: I do not see how you could have a variation in the rates in the income tax in Canada. I am speaking now of the Dominion income tax. You have a system operating which creates wealth in certain areas because there are artificial conditions which give them an advantage. To continue to allow uniformity throughout Canada, which is fair to a large percentage of the population--

it seems to me the object which you have in mind is very largely, or wholly realized under existing conditions.

It is admitted by the premiers of Ontario and Quebec, that 80 per cent of the income tax is collected in those provinces. They pay an annual contribution to the Dominion exchequer through the income tax for the favourable position which they have. Under our set-up as it exists now, I think the object which you have in mind is achieved.

COMMISSIONER ANGUS: Mr. Jopson, is not your point really this, that at the present time the rates of income tax in the different provinces are not the same? The rates of the Dominion income tax are the same, but the rates of the provincial income tax differ from province to province. You suggest that if the whole thing were Dominion and the same rate were applied throughout Canada, there would be no question of a difference in rate--the effect of applying the same rate throughout Canada would be that the payment made by residents of Ontario would be bigger than it is to-day, and the payments made by the residents of some other province, smaller than they are to-day?

MR. JOPSON: Yes, sir, that is the general purport of the recommendation. Every other recommendation we have with regard to taxation, is with regard to meeting the added expense of social services. We believe these should be placed in the hands of the federal government, and additional revenue secured through the possible allocating of succession duties to the Dominion government.

THE CHAIRMAN: I do not know just what Mr. Hart would say to that. We have had that suggestion made, I think, in four provinces. The theory advanced in support of this contention, is that the fortunes were accumulated by

business throughout Canada, and therefore it was reasonable that the amount collected by way of succession duty should fall into the federal treasury and be used for a national purpose.

MR. JOPSON: We had one other thing in mind that would meet with the suggestion too, Mr. Chairman. Since the provincial governments will be relieved to a certain extent of the unemployment problem, it will be necessary for them to relinquish certain fields of taxation and the income tax and succession duty were the ones we felt could be best collected by the Dominion government. I would just like to call your attention to the section in the brief on price levels. After considerable discussion at our last youth council meeting, we decided to delete that section.

THE CHAIRMAN: That is section five, is it? That is marked in my brief, "Taxation and Price Levels".

COMMISSIONER ANGUS: No, it is the one on page seven, is it not?

THE CHAIRMAN: Oh yes, I see it now. I beg your pardon, Mr. Jopson.

Just one question, if you will permit me to ask it. You say this represents some four thousand youth organizations, would you just tell us the type of those organizations in order to give us a better idea of those for whom you are speaking.

MR. JOPSON: There are approximately four general sections of the young peoples organization. They are divided into religious, educational and political organizations. Those are the three main sections. Then there are other miscellaneous organizations, such as social, service clubs, welfare organizations and so forth which are also members of the youth council. Generally speaking,

they are divided into those four main classes.

THE CHAIRMAN: We appreciate the fact that the youth of Greater Vancouver, and New Westminster have given these problems serious consideration. These are national problems and it is very hopeful for the future that the young men and young women of to-day are taking these problems seriously and are seeking to work out practical suggestions and practical solutions of them. We thank you for your presentation, Mr. Jopson.

MR. STEWART: The brief will be marked as Exhibit number 205.

THE CHAIRMAN: Yes, it will be marked as exhibit number 205.

EXHIBIT NO. 205: Brief submitted by
Greater Vancouver and
New Westminster Youth
Council.

THE CHAIRMAN: The next submission is that from the provincial council of women, I think.

MRS. F. G. RALSTON: Representative of the provincial council of women.

MRS. RALSTON: Mr. Chairman, and members of the Rowell Royal Commission: I represent the provincial council of Women of British Columbia. There are seven councils situated throughout the province and this is the consensus of opinion amongst them. They feel that a commission such as this Royal Commission, delving into Dominion-provincial relations should have representations before it from our Council. We have a brief prepared, and I am wondering if you would like me to read it or just how you would prefer that I deal with it.

THE CHAIRMAN: It is just whatever way you prefer, to do it. Read it if you wish, or if you prefer, just explain it generally.

MRS. RALSTON: I will read it and perhaps make certain explanations which I think are necessary as we go along.

"The Provincial Council of Women welcome this opportunity of appearing before the Rowell Royal Commission on Dominion-Provincial Relations in order to set out its views and opinions upon the present constitutional position in Canada. In making recommendations for the amendment of the Constitution, two guiding principles should be kept in mind:--

FIRSTLY, the problem is not provincial, but national.

Any consideration of economic problems peculiar to any individual province must be made with the thought of how discrimination against one province affects Canada as a whole. We are not an aggregation of petty states competing for economic privileges; we are a national unit, at present divided into a series of local areas with local jurisdiction in certain appropriate matters, but it is inevitable that, as time goes on and economic and psychological differences between east and west tend to disappear, as national and collective responsibility for the people's welfare grows, these local responsibilities will become more limited in scope.

In these days of rapid growth in trade and economic relations, when international inter-dependence is becoming an established fact, our aim must be progress towards the elimination of differences in the standards of living, labour, and social legislation and cultural conditions in all parts of Canada."

I think, Mr. Chairman, that is one of the key sentences of our brief. I continue to quote:

"SECONDLY: We must remember that a constitution

"is framed to meet certain conditions--economic and social--existing at the time it is drawn up.

Most of our trouble with regard to the British North America Act is due to the fact that we are no longer living in 1867 and that in the intervening 70-year period the people's needs and demands have grown to an extent undreamt of in the philosophy of the Fathers of Confederation.

Looking back over history and visualizing the future with the help of past experience, we may be sure that the demands for paternal legislation and services of all kinds will grow rapidly. Our feet are set irrevocably on the path of social reform. Any amendment to the British North America Act must entail that the constitution be framed to help, and not to hinder, progressive government action. Hence, a broad outlook must be maintained and a clear picture formed of our future needs. Many of our ideals may not be attainable in the immediate future, but the constitutional road must be prepared and kept open so that the system of federalism may not be a bar to progress, as it has been in the past.

I. TAXATION AND SOCIAL SERVICES:

It is not possible to consider the various municipal, provincial and Dominion taxing powers and the problem of re-allocation without a previous consideration of the financial responsibilities of these governing bodies, particularly in the field of Social Services.

Owing to the fact that the Social Services are new and have had to be fitted into the provincial jurisdiction of 'property and civil rights', the

"provinces have the responsibility for legislation in these matters, as they are 'ultra vires' of Dominion jurisdiction, while the Dominion possesses the wide taxing powers.

It has been suggested that this might be remedied by a re-allocation of taxing powers, extending those of the provinces or, conversely, limiting those of the Dominion, and leaving social service legislation in the hands of the provinces.

This would be a retrogressive step, in that it would tend to perpetuate and aggravate the difference in living standards throughout the Dominion and hinder the free movement of Canadian citizens from one province to another. Such differences in standards would have a detrimental effect upon trade relations between the provinces, as varying costs of production would operate against a Dominion market for goods from provinces where taxes were high. It does so to-day. Moreover, certain provinces are more developed, with more wealth and comparatively more sources of revenue than others, as in the case of Ontario and Quebec, which have profited by Canadian tariff policies, detrimental to the western provinces.

The only way, therefore, by which effective distribution of revenue can take place over all Canada is by a Dominion taxation system and a Dominion responsibility for national social services.

Therefore, dealing first with social services, we make the following specific recommendations:--

(a) That, with regard to the Old Age Pension, the name be changed to "Retirement Insurance", and that it be made available at a lower age; that it be set

"up on a contributory basis, commencing at the age of 30 years, which would permit the payment of larger pensions, federal in scope.

(b) That, with regard to employment insurance, it be under the jurisdiction of the federal government. Thus, unemployed employable persons will become the responsibility of the federal government, whether they be covered by insurance or whether they be in the category of seasonal, or casually employed persons.

Unemployable persons, however, i.e., persons suffering from mental, physical or social handicap, shall be the responsibility of the provinces."

THE CHAIRMAN: Just a moment; going back to A, you say, "That it be made available at a lower age; that it be set up on a contributory basis--" . Have you considered at all, on what basis it should be put?

MRS. RALSTON: In amount? It would vary, of course, with the amount which the people were getting.

THE CHAIRMAN: The point I have in mind is this, should the person making the contribution to the present insurance scheme, make the whole contribution, or is it a case where the state should make some contribution?

MRS. RALSTON: No, I think it is largely in the nature of pension insurance. It would start at thirty and would form a nucleus so that when a person was older that person would have something upon which to live. A person would not be dependent upon the state, and I think it should be a contribution of their own.

THE CHAIRMAN: Thank you, Mrs. Ralston.

MRS. RALSTON: I continue to read from the brief:

"(c) That, with regard to education, the cost should be borne by the provinces except in the matter of

"industrial and/or occupational training, which should receive federal assistance on a dollar for dollar basis with the provinces. Further, industrial classes should follow immediately on completion of school education and not be deferred until youths have become "unemployed".

It is recommended that a Bureau or Commission to function in collecting and distributing information on education for the purpose of assisting provincial governments or voluntary bodies interested in education but in no way to dictate to or control provincial educational policies.

(d) That, with regard to Health Insurance, as any Health Insurance Plan can be more effectively and economically established by a Dominion government, than otherwise, the Dominion government should be given jurisdiction over Health Insurance.

At the same time, however, the provinces should not be hampered if they wish to go further than the Dominion, or to experiment in some field of legislation into which the Dominion has not yet ventured.

An amendment to the British North America Act could be framed to give concurrent powers in these matters to the Dominion and the provinces, somewhat similar to what already exists in the matters of Agriculture and Immigration. The provinces would thus have power to legislate above the standards required by the Dominion. In any case, they should be given the privilege of the local administration of these services, with supervision by the Dominion government, so that some responsibility for methods of administration could be borne by

"provincial governments.

As Health Insurance does not cover Tuberculosis, Venereal and Mental diseases, Cancer, etc., which may become a public menace, the Dominion government should either assume full responsibility for these services or provide grants-in-aid to the provinces for their support. This recommendation is based on the fact that British Columbia is receiving large numbers from other provinces, who come here in search of health, and later become public charges due to the ravages of their disease.

II. TAXATION

Having accepted the general principle of progressive Dominion-wide responsibility for social services, it follows that the Dominion must retain the full taxing powers which she already possesses. A national taxation system must be devised which will clearly fix responsibility according to ability to pay.

British Columbia, a province which lives almost wholly from the exploitation of her natural resources, suffers disadvantages at present from the incidence of the tariff and unequal freight rates, and other provinces are in the same position. Dominion measures can establish an equitable distribution of revenue throughout Canada.

The unification of Dominion and provincial income tax-collecting agencies could bring about some saving in administration costs, but it is more important that a more equitable taxation system be worked out by a series of Dominion-Provincial conferences."

THE CHAIRMAN: You heard the presentation of the brief of the Youth Council, did you not?

MRS. RALSTON: No, Mr. Chairman, I just came in.

THE CHAIRMAN: It expressed the view, quite strongly, that it would be in the national interest to have one income tax, namely a federal income tax combining both the present Dominion tax and the provincial tax into one. It suggested that there should be one collection agency and one administration. Thereby, according to the view of the Council, the province which had the most wealth would make the greatest contribution, and those provinces which had less, at least those provinces in which people resided who had less, would make a smaller contribution than those provinces in which more wealthy people resided. Did your Council consider that matter at all?

MRS. RALSTON: That is our opinion, also, and it could be divided afterwards. Our opinion is exactly the same.

THE CHAIRMAN: Thank you, Mrs. Ralston.

MRS. RALSTON: I continue to quote from the brief:

"Canada, in comparison with other countries, is not heavily taxed, but taxation in this country is most unequal. Through the spread of sales taxes and real estate taxes, the burden often falls most heavily on those least able to pay. It is therefore recommended that:--"

THE CHAIRMAN: Just a moment, Mrs. Ralston, before you pass on to the next paragraph in your brief. There is one statement in that clause which does not represent popular belief. You say, "Canada in comparison with other countries is not heavily taxed." Most of the representations which we have had here have been to the effect that taxation

in Canada is such a burden that it is destroying the value of real estate, and hampering business development.

MRS. RALSTON: According to the standards in Great Britain, we are not heavily taxed here.

THE CHAIRMAN: That is quite true, taking the income tax in the lower brackets. In the lower brackets our tax is much lower than the British tax, but when you get up to incomes of \$75,000.00 or over, in this province at least, we only have the figures for this province, the income tax is higher than it is in Great Britain. I mean that the combined income tax on a man with an income of \$75,000.00 or more, is higher in Canada than in Great Britain. The great difference between the British income tax and the income tax in Canada is that the British income tax is much higher on those incomes which are below \$50,000.00. These figures were furnished for us by Mr. Peterson of the income tax branch here, who filed a statement with us.

MRS. RALSTON: The Council of Women, feels, as of course you will notice in the next few paragraphs, that the income tax should be steeply graded. Those people with the large incomes do not feel it so much; they are better able to pay than those with the small incomes.

THE CHAIRMAN: It is more steeply graded when you get up to incomes of \$75,000.00. I do not think people appreciate this fact. I know that I did not myself until Mr. Peterson presented the facts to this Commission. Apparently, in this province at least, I can only speak of this province as we only have the figures for it, the combined income tax on an income of \$75,000.00. is higher than the tax on a man in receipt of a similar income in Great Britain.

MRS. RALSTON: Perhaps the succession duties are higher there?

THE CHAIRMAN: They are, I think.

MRS. RALSTON: Doesn't that seem to be the most reasonable form of tax; a steeply graded income tax and a surtax on wealth as well as the succession duties .

THE CHAIRMAN: I once heard, when the succession duty was first introduced in Ontario and was being much criticized, a distinguished K.C. speaking on the public platform say that he thought the best form of tax was a tax which the living did not feel. He said that he hoped the succession duties would continue to increase until the time the tax collector came around with a dividend cheque rather than a demand for the tax.

MRS. RALSTON: I continue quoting from the brief:

"(a) There be a thorough overhauling of the Canadian tax system, keeping the following principles in mind:--

Direct taxation, particularly income and inheritance taxes, are recognized by all modern authorities to be the most equitable forms of taxation. These taxes could be graded more steeply upward than is the case at present, and a surtax on wealth might well be considered. In comparison, a heavy form of taxation of Income and Inheritance is one of the most outstanding of Britain's taxation measures.

(b) With regard to indirect taxation, the principle of sales taxes is not sound. They are definitely a consumer's tax and hit those who are least able to bear the burden. With a more equitable system of direct taxation, the need for sales taxes must gradually disappear. Therefore,

"no extension of the powers to levy provincial sales taxes should be made, although it will cause too great a disruption of the Canadian taxation system to abolish them at the moment. For purposes of constitutionality, however, certain provincial sales taxes, like the gasoline tax, may have to be validated. A general tendency to abolish Canadian sales taxes and to concentrate on direct taxation is strongly recommended."

THE CHAIRMAN: You would not support the proposal then, which I judge the government here favours, that the provinces should be given the clear right to impose sales taxes.

MRS. RALSTON: No, we do not support that view. We feel that is an income tax which hits the low-grade income to too great an extent.

I continue to quote from the brief:

"(c) In British Columbia there is an undue burden on real estate taxes in the municipalities and rural districts. These local areas are made to bear a large part of the responsibility for educational finances, while the municipalities are loaded with responsibilities for social services, which real estate was never intended to carry.

The taking over by the Dominion government of certain of the social services, leaving to the provinces the full responsibility for education, as recommended above, will solve this problem. Real estate will then carry the logical responsibility for the financing of purely local services, such as roads, sewers, water, etc.

(d) Grants-in-aid

The system of unconditional grants-in-aid is not desirable and is not recommended. It is a con-

"tinual source of bickering between the provinces and the Dominion, and the idea that certain fixed sums can serve provincial needs over a large number of years is not rational. No fixed basis of contribution from the Dominion to the provinces should be made, as conditions naturally change, and the principle of the Dominion handing over money to the provinces without any control over the manner of spending, is bad.

Furthermore, if the social services come under Dominion jurisdiction, as recommended, unconditional grants-in-aid will no longer be necessary.

Conditional grants for specific purposes, as also recommended, particularly for technical and industrial education, should be maintained."

THE CHAIRMAN: Then, I take it, the view of your council is that the unconditional subsidy system should be abolished? The Dominion should take over the social services and so pay a grant-in-aid only for specific purposes, is that correct?

MRS. RALSTON: Yes, Mr. Chairman, we feel that there should be a grant-in-aid for technical education because we feel that it is a matter of importance to the country as a whole. I continue to quote:

"III Marketing:

The Provincial Council of Women stand on the principle that farmers should receive a just return for their investments and labour. Such a return can only be brought about, or can mainly be brought about by the orderly marketing of agricultural products. The principle of marketing legislation is therefore strongly endorsed as orderly and co-operative marketing is of benefit not only to the

"producer but to the distributor, and the consumer. As natural products are marketed not only within the boundaries of the province in which they are produced but are exported to other Canadian provinces and other countries, it is recommended that all marketing legislation be under Dominion jurisdiction in order that regulation of inter-provincial and export marketing be facilitated. The provinces, however, should retain the power of local administration. We are strongly of the opinion that machinery should be set up to give women as consumers, adequate representation on all marketing boards.

IV. Labour

Since Confederation and the passing of the British North America Act, vast changes have taken place in Canada's economic structure, giving rise to the need for regulation of big business and industrial relations. In these changes Labour plays an important part. If a province regulates hours of work and wages, it must study the effect on the sale of products wherein such regulations prevail, and this, in the interests of even competition inter-provincially, calls for a Dominion-wide regulation and uniformity.

Urgent need at the present time requires the federal right to legislate for:--

- (a) Conciliation and arbitration in labour disputes.
- (b) The establishment of a basic wage and maximum hours of work.
- (c) Jurisdiction over Employment Bureaux.

We ask that the British North America Act be amended to give the federal government the authority

"to enact such labour legislation now, and further authority, when the need arises, to extend labour legislation in a manner that will serve the best interests of the people of Canada.

At the same time, the provinces should retain jurisdiction to extend and improve upon Dominion standards in labour matters, should they so desire.

V. Adequate Housing.

We suggest that--

(a) A Dominion-Provincial Conference be called as soon as possible to deal with the question of housing and that representatives of the Union of Municipalities should be asked to sit in such a Conference.

(b) That the Dominion government only can effectively become the Housing Authority. It is a social responsibility that only that government can finance and adequately plan for, according to the needs of the people of Canada. Cooperation with the provinces will be essential to the administration of such housing plans in a manner suitable to the geographical, climatic and social conditions in the provinces.

A very comprehensive graph dealing with the population, registered births, deaths, marriages, and the dwellings erected during the years 1912-36 inclusive, in Vancouver, B.C. can be produced. It shows the startling lack of dwelling construction as compared with the steady increase of population, proving beyond a doubt that proper housing accommodation is a major problem in Vancouver.

This applies to the city of Vancouver and I presume it also applies to the province of British Columbia as well.

THE CHAIRMAN: If you have a graph, you might produce it as a graphic illustration of this point.

MRS. RALSTON: I think I have it, Mr. Chairman, and I will be glad to produce it.

I continue to quote:

ADMINISTRATION

"We are of the opinion that duplication of government services and administration is responsible for some of the growing costs of Government at the present time. We recommend that a thorough study be made of the possibility of co-ordination of government services and administration for greater efficiency and economy. Such co-ordination and consolidation could be applied in the governmental matters administered by the Dominion, provincial governments, municipalities and school districts.

Recognising that skilful and efficient administration by civil servants is a pre-requisite to the sound operation of government services, and that efficient administration depends on competent trained personnel, we recommend that it is of the utmost importance for public servants to be chosen purely on a basis of merit, both in the spheres of Dominion and provincial administration, and that all appointments should be made by an independent Civil Service Commission, completely free from political pressure, and conditions of remuneration and status should be such as to

"encourage the best possible service on the part of those employed by the Civil Service authorities.

SENATE

We recommend that Senators be retired at the age of 75 years, in accordance with the principle recognized in all other branches of important government service."

COMMISSIONER DAFOE: That is a very revolutionary recommendation.

COMMISSIONER SIROIS: How will one tell when a Senator has reached the age of seventy-five?

THE CHAIRMAN: I thought it was generally accepted that an appointment to the Senate was a gift of immortality.

MRS. RALSTON: I continue to quote from the brief:

"In closing, this council makes the following recommendations with regard to the amending of the British North America Act. Obviously, if Canada must depend for constitutional amendment upon the unanimous consent from all the provinces, there will be little chance for any amendment taking place. As in other democratic decisions, the rule of the majority must prevail. Amendment by a two-thirds vote of the provinces and a resolution of the House of Commons, passed by an ordinary majority vote, would seem to be desirable.

It would further be desirable if some new basis of representation for the House of Commons could be devised, partly on a geographical, and partly on a population basis. Under present conditions, rather an unfair advantage is enjoyed by Quebec and Ontario over other provinces in the preponderance of members in the federal house, which they possess

"through the method of representation on a population basis. If this rule held in the provincial Parliaments, it would give an undue influence to the industrialized districts. Federal reform in this matter is long overdue, and it might well be taken up for discussion at an inter-provincial conference."

This is submitted, Mr. Chairman, by the Provincial Council of Women.

THE CHAIRMAN: Mrs. Rolston, how many women are in your organization? I ask it in order that we might have before us the body of public opinion that is represented by the brief.

MRS. ROLSTON: Well, this will be the largest body west of Toronto; we are the Provincial part of the National Council of Women of Canada. I come from Vancouver, and probably represent 10,000 women at the very least, because they have over eighty affiliated associates and throughout British Columbia there are seven councils; Vancouver, Victoria, Nanaimo, New Westminster, Kamloops, and Chilliwack, - I thought there were seven. I think it is the largest body of women, and in educational purposes it carries a wonderful responsibility.

THE CHAIRMAN: I must, on behalf of the Commission and myself, thank you for this very clear and important presentation of the views of the women of this province on these serious constitutional questions. The brief indicates not only that you have given very careful study to the problems which the Commission must consider, but you have reached reasonable conclusions in reference to them. And you have studied them with a succinctness and clarity which does great credit to the brief, which is not as conspicuous in all the briefs presented as in this case. The brief will receive most careful consideration at our hands. We recognize that women constitute at least 50% of the voters in the Dominion, in federal elections, and their voice should be heard in considering these important questions.

MRS. ROLSTON: Thank you, Mr. Chairman.

EXHIBIT NO. 206 - Brief submitted by the Provincial Council of Women

THE CHAIRMAN: The next is the Native Sons of British Columbia. Mr. Brine, you are the Grand Factor of the

Native Sons, and Mr. McKelvie, the Past Grand Factor of the Native Sons?

MR. BRINE: Yes.

THE CHAIRMAN: Would you just tell us first something of your organization.

MR. BRINE: Your Lordship and gentlemen: In appearing before you on behalf of the Native Sons of British Columbia it is my pleasure to introduce to you Mr. B.A. McKelvie, who is, as you say, the Past Grand Factor of our organization ^{and} who, with your permission and approval, will submit our brief.

MR. MCKELVIE: My Lord, and gentlemen of the Commission, The purpose of the Native Sons of British Columbia is set out in the first section.

"The Grand Post of the Native Sons of British Columbia, a properly constituted organization incorporated under the Societies Act of British Columbia, respectfully requests permission to submit to your Honorable Body its views relative to matters within the scope of your Commission.

Native Sons of British Columbia is a fraternal order, limited in membership to males over the age of eighteen who were born within the area now constituted as this province, and who are of other than Asiatic descent. It also includes as Associate Members pioneers of more than fifty years residence in British Columbia who are men of other than Asiatic races. It is a non-sectarian and non-partisan body. It is, however, vitally interested in all matters tending to the improvement of conditions within British Columbia, Canada and the British Empire. The Order is not parochial in its outlook, and claims no special privileges for its members by

reason of the accident of birth, but does accept special responsibilities. It believes that true citizenship can only be developed against a background of traditions; and that a knowledge of such is essential to wise planning for community advancement and development."

There are, my Lord, nine posts in the Order at the present time. It may be of passing interest to your body to learn that as an organization we were established about thirty-five years ago, and we almost passed out of existence during the War. In fact, we lost two posts, because the entire membership went Over-Seas and very few came back. I would say that at the present time there are about a thousand active members and five hundred associate members.

"In making submissions to your Honorable Body we have no other objective than the betterment of British Columbia and Canada.

We respectfully point out that British Columbia enjoys an advantage over the original members of Confederation, in that it negotiated an agreement with Canada, having the force and effect of a treaty, precedent to entering the Union; and that such treaty was tri-party to the extent that it was endorsed and approved by the Imperial Government.

That Canada recognized such a status is evidenced by the interpretation given to the Terms of Union by the Governor-General of the Dominion in a message sent to Governor Anthony Musgrave of British Columbia, February 1, 1871."

The message is set out there.

"In conformity with that treaty status, when British Columbia, in 1874 felt aggrieved at the delay

in commencement of construction of the transcontinental railway, appeal was made to the Imperial Government. Earl of Carnarvon, Colonial Secretary, offered to act as arbiter if both Governments would accept his award as a variation of the Terms of Union. Such assurance was given by Lord Dufferin, Governor-General of Canada, and by Hon. Joseph W. Trutch, Lieutenant-Governor of British Columbia on behalf of their respective governments."

The dispatches are all included in the sessional papers of 1881. The assurances, I may say, were given the third of August, 1874, by Hon. Joseph W. Trutch, and in a dispatch from Sault Ste Marie in July 1874, by the Earl of Dufferin.

"Our purpose is to respectfully point out to you, Sirs, that the relationship of British Columbia with the Dominion in respect to the terms of Union is separate and distinct from matters for consideration arising out of the British North America Act, 1867.

We further submit: -

1. It is not within the competence of the Parliament of Canada to alter or amend the Terms of Union, or to incorporate them within any revision of the British North America Act.

2. That amendment or alteration of the Terms of Union may only be made as a separate undertaking agreeable to the Provincial, Federal and Imperial Governments.

CARNARVON TERMS:

We take the position that we do, because we believe it to be in the best interests of both British Columbia and Canada that in matters of dispute arising out of the interpretation of the

Terms of Union, there should continue in existence the right of appeal to an impartial government.

As already set out, Canada and British Columbia both agreed to abide by whatever award Earl of Carnarvon might consider to be just. By such agreement his Lordship's judgment became a substitution for Clause 11 of the Terms of Union, the only section of the Treaty in dispute. While the award was not entirely agreeable to British Columbia, inasmuch as it delayed the construction of the railway, this province loyally fulfilled its obligations. The Dominion, however, did not keep its pledge.

It would occupy too much of the time of this Commission to recite the story in detail; suffice it is to state that serious difficulties arose that for a time threatened to sunder the bonds of Union. In 1884, however, the situation was composed by the Act of Settlement, dealing with all matters then in controversy between the two Governments.

There was one paragraph in the Carnarvon award, however, that was not included in the Act of Settlement, and which the Dominion has not implemented. It was a condition upon which his Lordship had insisted.

Paragraph 3 is set out, my Lord.

British Columbia wanted the railway. It was feared at the time that if the wagon road, paralleling the right-of-way of the proposed line, was constructed that it would only serve to delay achievement of the work that was so greatly desired. As will be noted, however, Earl of Carnarvon did not agree with the Provincial views as then expressed, and ordered the construction by the Dominion of a road for vehicular traffic. It thus became part of the Terms

of Union, and concurrently a Treaty obligation upon Canada.

It is therefore submitted:

1. That such obligation still rests upon the Dominion.
2. That the Province has, in the past, expended large sums of money in the construction of roads that would not have been a charge upon provincial taxpayers had the Dominion completed its treaty obligation in this respect.
3. That there should be an accounting as between the Province and the Dominion in respect of such expenditures.

THE CHAIRMAN: I am afraid the province overlooked that claim in its submission here.

MR. McKELVIE: It is quite possible. I may say, sir, that the Native Sons just wish to keep it a matter of record, and that is why it is submitted.

COMMISSIONER DAFOE: Mr. McKelvie, my recollection of that legislation made in 1884 is that it was said to be in settlement of all things. How do you make the exclusion?

MR. McKELVIE: The memoranda, Mr. Commissioner, of August 20, 1883, between the Honorable William Smythe of British Columbia and Sir Alexander Campbell, sets forth the matters to be covered by the Act of Settlement. They were the Vancouver Island Railway, the Graving dock, and the railway belt on the mainland, The waggon road is not mentioned in any one of these sections, and it says this: The above includes all matters as to which there is no dispute or difference between the Government of the Dominion and the Government of British Columbia, and when carried into effect will constitute a full settlement of all existing claims on either side or by either government.

Now, here was the situation, sir: British Columbia at

that time had practically no settlements in the interior beyond Kamloops. Kamloops was already served by an existing road, the Caribou Highway. The people were anxious, above all things, to get a railroad. And they felt, when the suggestion was first made by the Honorable George Edgar, who was sent out to British Columbia, that he was endeavoring to give a road in substitution for the railway, which was looked upon at that time as a work to be undertaken by the Dominion Government.

Later, it was turned over as a contract to the C.P.R., - the building of the railway, but not the road, and of course, the people wanted the road. And so the road just passed out of existence.

THE CHAIRMAN: Why do you say that memoranda of 1883 was not a full settlement of all the terms?

MR. McKELVIE: Because it sets out in detail the terms that come within it; the four points, the Island Railway, the Graving dock, the railway belt ---

THE CHAIRMAN: Does that not show what may have been the condition in respect to the road; it was abandoned at that time, because that memorandum contains a note saying: "This covers all matters outstanding between the two Governments".

MR. McKELVIE: All matters then in dispute, yes, but there was no dispute about it, sir. It is part of the Terms of Union of British Columbia. It is, as a matter of record that we brought it up, sir.

THE CHAIRMAN: Mr. McKelvie, what is your suggestion? Is your suggestion there should have been a waggon road built paralleling the C.P.R. tracks?

MR. McKELVIE: That was the undertaking, sir; our

contention is this: That it has cost the people of British Columbia a great deal of money. Instead of creating a waggon road say through the Fraser Canyon, the C.P.R. then later the C.N.R, destroyed the waggon road that existed, and it had to be re-constructed at the cost of the taxpayers of this province. My own conception is that this was insisted upon by the Earl of Carnarvon. A road was a necessity as well as a railway. Great Britain and Canada were setting out to build a nation, they had had the experience not so many years before that with the Fenians from the United States. The Fenians had also threatened a separate invasion of British Columbia, and the famous Francis Strachan was going to capture Victoria at one time, but the police would not let him. In building up the nation it was necessary to have a military road as well as a railway, and I thought that was one of the purposes of it.

"It has been argued that there are too many governments in Canada. Native Sons of British Columbia can not entirely agree with such a contention. They do, however, find themselves in complete accord with the assertion that Canadians are paying too much money for administration.

It is respectfully submitted that the fault is not that of government per se, but in the failure of Canadians to appreciate their individual and collective responsibility to the State.

Governments are, by many, regarded as institutions apart from the individual. Governments are too often regarded as inexhaustible reservoirs of money to be dispensed to friends of the party holding office by way of patronage.

Provinces are, in the Central and Western parts

of the Dominion, too large for economical administration.

It was the evident intention of the Fathers of Confederation that the provinces should have restricted authority, and exercise such under Federal supervision. Instead of confining themselves to the narrow limits of glorified country councils, there is a tendency on the part of Provinces to endeavor to function as sovereign states.

It is pertinent to observe at this time that British Columbia did not enter upon Union under any misapprehension as to what would be the control of the Dominion in matters of legislation and of finance.

During the course of the Confederation debate in the Legislative Council of British Columbia, Hon. Amor De Cosmos, an ardent champion of Union defined the subordinate position of a province as follows:

'I look upon British Columbia as a municipality under the British Crown. Under Canada it will be a municipality with less power. Anyone who knows anything about municipal law knows that it is based upon three principles, territory, authority, and responsibility'.

Honl J.S. Helmcken, a member of the Executive Council, who, though opposed to the principle of Confederation, drew up the financial clauses of British Columbia's conditions for Union, and who was later one of the three delegates who negotiated the final agreement at Ottawa, in the same debate said:

'There is a great deal of talk about voting away the people's money, but it must be borne in

mind that a part of that money under Confederation, will come from Canada, and she will have the right to see it properly expended.'

We respectfully suggest that it is due to the abandonment of those restrictions envisioned in the foregoing quotations that the cost of government is so exccossive.

If it can be assumed that the four Western Provinces were to unite, with say Regina as the Capital, the principal saving would be in a reduction in the number of civil servants. If, however, lack of Federal control and patronage continued, the waste would be even greater than it has been, for the government would be more dependent upon local political committees, all insistent upon expenditures as the price of support.

It may be observed that in provinces the size of those in Western Canada it is practically impossible for any number of the members of a legislature to have intimate knowledge of local needs in all sections of the area for which they legislate. This results in waste and inefficiency, and makes the way to the Treasury easier for the patronage hunter.

The price of patronage is reflected in the Provincial debt of British Columbia. This is not applicable to one government but to many holding office in this province. Over-expenditure on public contracts are the rule rather than the exception. The following examples are taken from the public records. They all took place under previous administrations:

A bid was accepted for painting a bridge. It was for \$4,807. The Government paid \$23,580 for

the work.

Contract price for paving 1.89 miles of road was \$36,940. The cost to the treasury was \$62,889.59. The estimate for paying 3.27 miles of road was \$88,000, but the Government paid out \$153,212.54. The estimated cost of a major highway construction undertaking was \$1,601,000. The ultimate cost was in excess of \$3,000,000.

The sum of \$176,415 was spent on a bridge in a sparsely settled district. A suitable span across the same stream providing equally adequate service could have been built for \$45,000."

THE CHAIRMAN: What do you suggest, that they underestimated the original cost?

MR. McKELVIE: Well, not entirely sir. You cannot make an underestimate on a bridge to that extent, I hardly think. The Honorable J.W. Jones, who is finance

commissioner here, sets it out very well on page 21 of his budget speech of 1932: "It may be frankly stated that for many years past economical principles have been handicapped in contending with political expediency for the determination of public policy. There has been a marked tendency by the people to allow legislative power to cater to popular wishes contrary to sound economic dictates." I think that answers the question very well, sir.

"May we again emphasize that such conditions not only reflect the lack of that measure of control that was the duty of Ottawa to exercise, but that the Dominion has actually encouraged a vicious system of waste, extravagance and patronage.

Throughout Canada, Provincial Premiers with the knowledge of Federal political leaders, have advocated voting for one or other of the contesting parties upon the

plea that, if successful in achieving power at Ottawa, support would be rewarded by concessions to that particular province. This species of wholesale bribery has been a contributing cause of the decline of Dominion authority, and of incessant importunities on the part of provinces for increased assistance from the Central Government. It has added immeasurably to the cost of government in Canada.

Native Sons of British Columbia feel that it is impossible to consider the conditions in the several provinces of Canada relative to public debt, without feeling and expressing opinion that such are largely due to the failure of the Dominion to bear the responsibility placed upon it by the British North America Act. The latent -- and indeed specific -- powers conferred upon the Governor-General in Council to restrain extravagance and direct economical administrations within provinces have been neglected."

THE CHAIRMAN: Do you not think some responsibility rests upon the people here? You have a Government elected by the people, and if it has been reckless and extravagant why should not the people here call the Government to time? Why do you put the responsibility on the Dominion for the extravagance which you say has prevailed in the province?

MR. McKELVIE: Because we feel that the responsibility was placed there by the British North America Act.

THE CHAIRMAN: Well, in the power of disallowance --

MR. McKELVIE: And control.

THE CHAIRMAN: There is no power of control except disallowance, and also the right of reserving bills, or by the consent of the Governor-General.

MR. McKELVIE: Yes, but in the earlier days, my Lord, that was carried out. In latter times it has been left to the Courts. You will recall, sir, that the Supply Bill of Ontario was disallowed because it was an expenditure to which the Government at Ottawa did not agree. That was in 1869.

THE CHAIRMAN: Well, my memory is not good as of that date.

MR. McKELVIE: I will continue:

"At Confederation the existing Public Debts of the several provinces became the Public Debt of Canada. All the provinces started off on July 1, 1867, with no capital liabilities. Provinces later joining the Dominion were similarly relieved of their indebtedness.

Interest payments were stipulated from provinces showing a greater per capita debt than parity permitted, and similarly annual grants were made to those having lesser obligations.

At the time of the passing of the British North America Act, it was intended that Parliament should be supreme. Section 17 is definite. It says:

"There shall be one Parliament for Canada, consisting of the Queen, the Upper House styled the Senate, and the House of Commons".

It does not say that there shall be numerous Parliaments having equal authority within their respective spheres. It did not contemplate division of authority. Provincial legislatures were set up to facilitate administration within the Dominion, just as Provinces were permitted to create Municipalities. All, however, were subservient to the single Parliament.

The Lieutenant Governor of a Province was given very limited powers by the B.N.A. Act. His position is not that of a deputy Governor-General, but simply an "officer" appointed by the Governor-General, as defined in Section 58.

"For each Province there shall be an officer, styled the Lieutenant-Governor, appointed by the Governor-General in Council by Instrument under the Great Seal of Canada".

The Powers conferred upon this Officer were restricted to matters of local administration, and in the legislative field to 'The provisions relating to appropriation and tax bills, the recommendation of money votes, the assent to Bills, the disallowance of Acts, and the signification of pleasure on Bills Reserved'. These functions were authorized by Sec. 90 of the B.N.A. Act, and under this section it was definitely stated that the Lieutenant-Governor acted, not in the name of the Sovereign, but of the Governor-General."

THE CHAIRMAN: Your contention may be correct, on which I express no opinion, but that was the intention of the Fathers of Confederation. The Privy Council has held quite differently as to the position of the Lieutenant-Governor, which you know.

MR. McKELVIE: I am trying, sir, to picture the real intention of the Fathers of Confederation, in the making of a nation. If we have wandered from that intention, the fault is ours, and the sooner we get back to the original status, I think, the better.

I then quote section 90, and set out section 55 in the terms authorized by section 90.

"This meant -- and means -- that the Governor General is the Executive head of each Province; and that an

officer appointed by him acts for him upon his instructions. Thus, responsibility for Provincial legislation, and for provincial administration rests directly with the Governor-General in Council.

Under these circumstances it was never intended that the Provinces should, after Confederation, possess unlicensed power to create a new debt.

Subsection 1, of Section 91 of the B.N.A. Act, expressly stipulates that "Public Debt and Property" falls within the exclusive jurisdiction of the Dominion.

It is true that by subsection 3 of section 92, the authorized and delegated powers conferred upon Legislatures include, 'the borrowing of money on the sole credit of the Province'.

Similarly, municipalities may borrow upon their sole credit, but they are limited by Legislatures as to the extent of such borrowings.

It is noteworthy that in the defined powers of the Dominion Parliament, in addition to Public Debt, it is declared by Subsection 4, that such powers include the 'borrowing' of money on the Public Credit.

It is respectfully submitted that there is but one public in Canada, not a separate public for each Province. There is but one Crown, not nine Crowns; there is only one Parliament. The subsection last quoted refers to the 'public Credit'. It does not say 'the credit of the several publics in Canada.'

It is further pointed out that in the exclusive powers allocated to the Provinces, it does not authorize the creation of Provincial debt. It was clearly intended that borrowings should be under the control and subject to the supervision of the Govern-

General in Council.

The manner of such control was clearly defined in an order-in-council approved June 9, 1868, which I have quoted.

"It is significant that every Act was to be carefully reviewed. In earlier years the responsibility of carefully scrutinizing each Act of a legislature was conscientiously fulfilled. In illustration: out of a total of thirty-five Acts submitted from British Columbia in 1877, no less than nine were drawn to the attention of the Lieutenant-Governor for amendment, as trenching upon Federal powers, six were regarded as questionable, and one was disallowed.

This rigid control was gradually relaxed in succeeding years, and with lessened supervision Legislatures assumed more and more authority such as it was never intended that they should exercise.

Native Sons of British Columbia desire to summarize the points raised in this section of their Brief, as follows:

1. Parliament is supreme, and there is only one Parliament in Canada.
2. Provincial Legislatures are subordinate branches or offices of Parliament created for the administration and control of local works and matters, being in effect exalted county or regional councils.
3. The Governor-General in Council is charged with the supervision of Legislatures.
4. Parliament alone has the right to create and control Public Debt.
5. Provincial Legislatures may borrow for purely

local requirements upon their sole credit, subject to Federal control.

6. The Dominion is responsible for Provincial debts.

7. The Governor-General in Council, in the past, has neglected to control Provincial borrowings and must bear a measure of responsibility for the waste and extravagance reflected in Provincial debts."

THE CHAIRMAN: Why do you say in No.6, "The Dominion is responsible for Provincial debts?"

MR.McKELVIE: Because I say there is only one power in Canada that, under the B.N.A. Act, controls a public debt; that is in the hands of the Dominion. It was intended there should be, from the outset, control over the fiscal affairs of the province. I think that is borne out by examination, if I may suggest, of the reports by Ministers of Justice upon Provincial Legislation, particularly in the early days when many acts were returned for amendment; not only because of trenching upon Dominion powers, but matters of policy, and they were questioned as to expenditures.

"The authority of Parliament to exercise supervision over provincial Legislatures and to deal with matters that are of a local character is further exemplified in Sections 94 and 95 of the B.N.A. Act.

Section 94 provides for a uniformity of laws relating to property and civil rights. Although Provinces have, by section 91, exclusive jurisdiction over such rights, subject of course to the overriding supervision of the Governor-General in Council, Section 94 gives power to Parliament to legislate in this field. Adoption of such Federal legislation is permissive on the part of all or any of the Provinces.

This right extends to all Provinces save Quebec. Within the ambit of this Section, and with all due deference, it is difficult for Native Sons of British Columbia to comprehend the interpretation of the Learned Justices, upon reference, that such powers were ultra vires of the Dominion.

Section 95 goes even further in respect of matters relating to Agriculture and to Immigration. It provides that Parliament shall have authority to enact legislation for single provinces, and where Provincial enactments conflict with those of the Dominion, the authority of Parliament shall prevail.

It is worthy of attention that while Provinces have long since ceased to attempt legislation in respect of immigration, they have assiduously regulated and controlled Agriculture, and by some measures that would appear to trench upon Dominion powers even beyond that particular field.

Uniformity of laws in all provinces, except Quebec, was an announced purpose of Confederation. This is further demonstrated in Section 97, where appointment of judges was confined to the bars of the respective provinces where they were to officiate only until uniformity had been achieved. It certainly was never contemplated that lack of uniformity should exist, to an even greater degree of confusion, seventy years after the Dominion was formed.

By Subsection 2, of Section 91, Trade and Commerce was exclusively allocated to the authority of Parliament. The only exception being that Provincial Legislatures were permitted to impose

licenses, but only for purposes of revenue. No right is given to Legislatures to regulate trade and commerce, and especially to create extra-judicial courts for such purpose. Just where the jurisdiction of a Province under Civil and Property Rights ends and the definition of Trade and Commerce begins relative to commercial pursuits is a matter that requires new and precise definitions. It is difficult, for instance, to say into which category goods imported on consignment for sale within a Province fall. If Hon. Edward Blake, as Minister of Justice, may be taken as an authority, it would appear that such would come under Trade and Commerce". And we quote from the report of the Minister of Justice at that time:

"It is submitted that, especially in the field of Civil and Property Rights, Agriculture and Immigration, Parliament can not enact legislation that is ultra vires its powers, but that the Provinces may enact laws that are in conflict with Dominion authority.

In support of this contention the dual income taxes that are imposed in British Columbia may be cited. Direct taxation is exclusively reserved to Provinces, but under the right of the Dominion to raise money 'by any mode or system of taxation' the Federal Parliament has invaded Provincial powers. If we are wrong in our submission, then the collection of Income Taxes within the Provincial field by the Federal authorities is illegal.

It is of utmost importance to the continued peace, order and good government of Canada that the fullest possible public confidence should be reposed in the wisdom, ability and impartiality of Canadian judges. Respect for the Courts is a fundamental

of Democracy.

We have no charges to make; no criticisms to voice, but with all proper deference we do wish to suggest that for the maintenance of those essentials of confidence and respect that the manner of selecting judges, both for Dominion and Provincial courts should be changed. We would observe that distinction in political activities is not necessarily a guarantee of those legal attainments so much to be desired in the dispensation of Justice.

We would respectfully suggest that the Provincial or Canadian Bar Associations be asked to nominate several persons for each vacancy, and that selection be made from such nominees.

THE CHAIRMAN: That suggestion I respectfully pass on to Senator Farris, as president of the Canadian Bar Association.

MR. McKELVIE: I think there would be a good deal of confidence in any selection he would make.

"There are several matters which Native Sons of British Columbia regard with grave concern. They are: The constraintive power of the Legislature over the established Courts; and the tendency of the Legislative Assembly in this Province to delegate its authority in the making of laws to the Executive Council.

There is an alarming tendency shown by the Legislature to reverse the basis principles of British Justice; first by placing the onus of proof upon the accused, and second, in closing the doors of the Courts to those who feel aggrieved.

Two clauses from a single Statute of British Columbia, enacted in 1936, will perhaps illustrate

the points raised. The measure is the 'Natural Products Marketing (B.C) Act, 1937'".

And we quote two passages from that Act.

THE CHAIRMAN: Mr. McKelvie, could you finish in about five minutes, or would you prefer to let it stand until tomorrow morning?

MR. McKELVIE: I can finish, sir, whenever you desire. I would rather finish it tonight.

Then I will just summarize, sir. We take the position in regard to legislation, - some of it is quoted here, - that the basic principles of responsible government have been done away with. To this extent, that power is delegated to Boards to make statute law, by order in council, which was never intended. And we say that one of the prime necessities of Canada today is that we return to the principle of responsible Government. We feel also, sir, if I may say so, that it is about time that instead of asking for more taxes, we advocate a little economy in Government, - a little reduction. We cannot help but feel that we perhaps have taken on the form of a nation, without the spirit of a nation, and we cannot continue spending money the way we have, in Canada.

The statement has been made in the public press on the 11th of January, that in this Province 26% of the expenditures are made in social service for 12% of the people. That is out of balance.

We also wish to take exception, as set out in the brief, to the proposal to annex the Yukon. We feel that the Province is already too large in size for economic administration.

THE CHAIRMAN: That particular matter is not before us, Mr. McKelvie.

MR.McKELVIE: We mention it only because it was stated that it awaits the report of the Royal Commission before any action will be taken.

THE CHAIRMAN: It has not been submitted to us. It is a question between the Province and the Dominion.

MR.McKELVIE: Very good, sir. I think that is all; you have the brief before you. We cannot help but feel that we have come to a time when, if we are going to have unity in Canada we must begin thinking in terms that will make possible such unity.

THE CHAIRMAN: Thank you for the presentation. Your brief will receive careful consideration, with the other briefs presented.

EXHIBIT # 207 - Brief presented by Native Sons of British Columbia.

--- The Commission adjourned at 4:30 P.M. until 10:30 A.M. Thursday, March 24th, 1938.

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